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A CHINESE WEEKLY OF
NEWS AND VIEWS

- Analysing US-Japan-ASEAN Relations
- Xinjiang Leader Talks About Unity Among Nationalities



Spectacular Scenes of Lop Nur in Xinjiang



A beacon tower from the Han Dynasty.

Lop Nur, on the east rim of the Tarim Basin about 450 kilometres south of Urumqi is a place of mystery in Xinjiang. Covering 3,006 square kilometres, it is China's biggest migratory saltwater lake in any inland river area.

The Lop Nur area used to be a communication centre along the Silk Road in ancient times. Many artifacts from that time have been found there. Since the beginning of this century, the area has been known as a "treasure house of relics" among archaeologists of the world. In recent years Chinese scientists have gone to Lop Nur on many expeditions. They have verified that the lake went dry between 1962 and 1972.

A mirage.

SPOTLIGHT

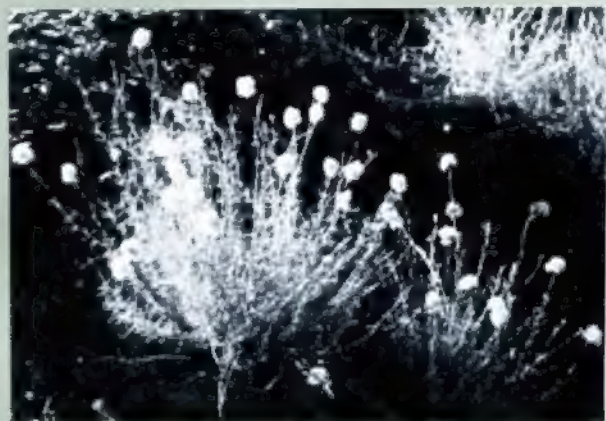


With great vitality, bluish dogbane (*Apocynum Venetum*) grows in harsh conditions. People living here several thousand years ago used its fibre to weave cloth.

Saline soil on the bed of the Kongque River, which flows into the Lop Nur from the north. The pebble-like salt masses containing various minerals are of different colours.



A helicopter lands on the bed of Lop Nur Lake.



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CONTENTS

NOTES FROM THE EDITORS	4-5
Three Aspects of the Open Policy	
LETTERS	5
EVENTS & TRENDS	6-11
Party Members Must Re-register	
Newsman Awarded at Media Meeting	
Chengdu Puts End to 'Life Tenure'	
Peasants Leading Others to Wealth	
Teams Find Water in 'Sea of Death'	
Army Producing Civilian Goods	
Seniority System Hinders Progress	
A Discussion on Western Europe	
China to Host Asia-Pacific Fair	
INTERNATIONAL	12-15
Washington-Moscow: Has the Strategic Focus Shifted?	
Togo: Lome Convention Renewed	
South Africa: Government Faces Growing Woes	
In the Wake of Disaster	
A Look at the US-Japan-ASEAN Triangle	16
Ethnic Groups United in Xinjiang	19
Notes From Shanxi (II): Large-Scale Development Mapped Out	23
Reports From Shenzhen (3): Labour Relations Smooth in Special Zone	27
FROM THE CHINESE PRESS	30-31
CULTURE & SCIENCE	32-33
BOOKS	34
COVER: Minority people selecting hats at a shop in Yining, Xinjiang. Photo by Xu Xiangjun	

HIGHLIGHTS OF THE WEEK

US-Japanese-ASEAN Relations Explored

The relationship that has developed since World War II between the United States, Japan and the members of the Association of Southeast Asian Nations (ASEAN) is based on their mutual economic, diplomatic and strategic needs. This article analyses how this relationship works and how the ties influence each party (p. 16).

Superpower to Keep Strategy Focus on Europe

Despite talk around the world about a possible shift of the focus of US-Soviet strategic contention from Europe to Asia, the change will not actually happen soon. That conclusion is drawn by the author after outlining a number of factors that prevent such a move (p. 12).

Xinjiang's Ethnic Minorities United

Wang Enmao, first secretary of the Xinjiang Uygur Autonomous Region Party committee, talked with a *Beijing Review* correspondent about the Party's successful policy towards nationalities and the importance of using political means to solve conflicts between the nationalities. Xinjiang's future development is also addressed (p. 19).

Linking Theory With Practice

A *Renmin Ribao* commentator's article explains the importance of linking the general laws that classical Marxists discovered with practical experience of today. Only in this way can contemporary problems be solved (p. 30).

Three Aspects of the Open Policy

China's open policy applies not only to developed countries. A more important aspect is South-South co-operation. And the socialist countries, even those with poor relation with China, are also included (p. 4).

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Three Aspects of the Open Policy

by MU YOU LIN
International Editor

Opening to the world is a long-term, firm policy which has strategic significance in developing China's economy. It has achieved good results in its first five years.

The investment symposium sponsored by China's 14 open cities, four special economic zones and Hainan Island which were held in Hongkong last month gave the latest proof of this. The formal talks lasted only six-and-a-half days, but 1,174 businesses from five continents signed 441 agreements with China valued at hundreds of millions of US dollars in just that short time. The proportion representing contracts is quite small as most of the documents signed are agreements and letters of intent. They reflect the intentions of businessmen from different countries to invest in and co-operate with China.

These intentions are also evident in Beijing. Many industrialists and business representatives have been streaming into the city. Statistics show that in the first nine months of this year business people made up 35 per cent of the several million entries and departures at China's frontiers.

Because the majority of visitors are from the United States, Japan and Western Europe, some people think China's open policy only applies to developed countries. This is not true. They see only one aspect of the open policy. Another and more important aspect is South-South co-operation. And the socialist countries, even

those with poor relations with China, are welcome under this policy as well. So there are three facets of the open policy.

South-South co-operation is a new kind of international economic relation in which the third world countries help each other to achieve common development. China pays special attention to South-South co-operation in pursuing its open policy.

Although as a whole the developing countries are not financially rich and are technologically backward, they each have their strong points, including some unique technological achievements. So they can not only exchange experience gained in developing their economies and make up for each other's deficiencies, but also conduct useful trade and help each other in technological development. What is more, the third world countries constitute the largest proportion of the world's population and territory. Without their development, the world economy cannot make healthy progress. If North-South problems cannot be resolved, the developed countries will suffer from the dire consequences too.

China believes South-South co-operation is a broad avenue to develop the economy of the third world countries and a powerful lever to North-South dialogue.

In the early days China paid more attention to economic aid to the third world countries. At the beginning of the 1970s more than 70 states received China's aid. But China is a developing country and its wealth is limited. Although it

still provides what economic aid it can, it stresses South-South co-operation.

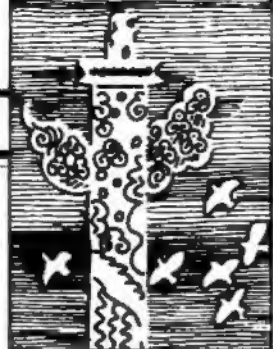
During his African tour in early 1983, Premier Zhao Ziyang announced four principles: equality and mutual benefit, stress on practical results, diversity in form, and common progress. Since then China's co-operation with the third world countries has taken many forms, including technical service, labour co-operation, managerial assistance and joint enterprises.

To promote this kind of co-operation with African countries, Vice-Premier Li Peng toured five African nations last May and Vice-Premier Tian Jiyun is presently visiting Africa.

As for the other socialist countries, China had close economic ties with them in the 1950s. But such ties with some of them were interrupted in the early '60s. However, things have been improving. Trade volume with the socialist countries in Eastern Europe has grown over the past few years.

A traditional friendship has long existed between China and the countries in Eastern Europe. China attaches importance to developing economic, trade, scientific and technological co-operation with them. Last spring a Chinese economic delegation visited Hungary, Poland, Czechoslovakia, the German Democratic Republic and Bulgaria. They agreed to take part in the technological transformation of 79 industrial enterprises in China.

Later in this year Chen Muhua, State Councillor and Minister of



Foreign Economic Relations and Trade, visited these five countries again and signed an agreement on economic and technological co-operation and protocols on the establishment of an economic, trade, scientific and technological co-operation commission with each of them.

China also hopes to improve Sino-Soviet relations and further expand contacts and exchanges with the Soviet Union in economics, trade, science and technology, culture, sports and other fields, based on equality and mutual benefit, although differences in principle still exist. Bilateral trade is expected to reach US\$ 1,200 million this year, but it has not yet equalled the high level of the past.

Ivan V. Arkhipov, First Vice-Chairman of the Council of Ministers of the Soviet Union, will visit China soon. Arkhipov is an old friend of the Chinese people. We hope his visit will push forward Sino-Soviet economic relations and achieve concrete results.

China has put its economy on a normal track. With its large population and abundant resources, China is an enormous market. This market has begun to change from a potential into a reality. It can accommodate much investment and large-scale economic co-operation, and this will not be limited to one-way traffic. While promoting economic ties and trade among countries, the open policy will have far wider international implications.

LETTERS

Westerner Reports Offer Insight

I find your magazine very informative and instructive. I especially like the articles on the modernization of the Chinese economy and the reports by Sidney Shapiro, Ma Haide and Rewi Alley.

The reports by Westerners who decided to help China and its socialist revolution are unique and offer an insight into the historical framework shaping its evolution.

The continuing progress of the Chinese revolution offers a leading example to many third world countries and demonstrates what can be accomplished by a determined and dedicated people.

I would hope that the Chinese Government will limit the encroachment of US capitalism within its national economy. Capitalism can offer much but only if its negative features are kept in check.

Erich A. Aggen
Missouri, USA

Too Negative

I was interested to read the seven articles on Hainan Island in your recent issues (Nos. 27-30, 32, 33, 35). But in spite of David Crook's praise, and though I, too, appreciate the new realism and seeking truth from facts in these critical articles, I do think the general tone was too negative. Comparing the present situation with that which prevailed before liberation, the strides the island has made are remarkable. This is especially the case with regard to education. The standard of

the schools I visited compared very favourably with schools on the mainland. The articles said next to nothing about education, which is surely a key factor in Hainan's future development. Why was there not a word about the new university of Hainan, which is going to act as a haven to the development of the whole island?

I value *Beijing Review* highly as a cheerful and informative source of news about positive developments in China.

Peter Mauger
Coventry, Britain

Appreciates Pictures

I think the pictures in your magazine are fascinating, but there are not enough. I hope you will publish even more colour pictures in every issue.

The colour cover interests all the readers I know. We appreciate it very much, for it gives us some typical information about Chinese agriculture, industry, culture, tourism, etc. I hope your weekly will carry some pictures of other countries and of other ages (as the colour photos in the article "Notes From a Trip Through Africa" in issue No. 28).

As far as the inside front and inside back covers are concerned, I hope they will be in colour. It is necessary to have an advertisement on the back cover, but I am sorry to say most of the advertisers have not mentioned the price of their product. This has to be improved.

Mizonza Aime Sanson
Nkayi, Congo

Party Members Must Re-register

All 40 million Party members must reapply to the Party over the next two years as part of a move to discipline or remove members who have committed crimes, indulged in corruption or made grave ideological errors, according to a circular released Nov. 22 by the Communist Party Central Committee.

The reapplication requirement is part of a Party consolidation drive which began a year ago. The drive is aimed at achieving ideological unity, rectifying the Party's style of work, strengthening discipline and purifying the Party organization. Part of the drive's goal is to remove "Leftist" influences that brought about the turmoil of the "cultural revolution."

The re-registration involves reassessing the members in Party organizations from the central to the grass-roots level. "It will be completed generally within a month or so," said the document, but did not specify the exact time each phase will start. The Party consolidation drive began last year at the central level. Emphasis this year will be on middle-level Party groups and next year on grass-roots organizations.

Those found unsuitable for Party membership can be given a period of time in which to study and mend their ways.

But those found to have made grave errors and who refuse to reform despite education and help will be expelled. And if crimes are exposed during the reassessment, the guilty Party member could end up in jail.

It is too early to tell just how

many unqualified members will be punished or removed from the Party. However, according to *Tianjin Daily*, 279 Party members in the city of Tianjin have been given disciplinary penalties and 85 have been stripped of their Party membership. Xu Baohong, an official of Tianjin's import and export bureau, was expelled and brought to court for taking bribes, embezzling funds and neglecting his duty. A judge in the city's intermediate court who "bent the law for personal gains" was also expelled from the Party.

In the city of Datong, Shanxi Province, 217 Party officials were found to have been involved in crimes ranging from rape to embezzlement, bribery and corruption. Some 26 are now in custody and nine have been charged.

A Party member's performance since the Third Plenary Session of the 11th Central Committee in 1978 will play an important part in the reassessment. That session was important because it formulated the guidelines for the policies now being implemented in China. And consideration will be given to those who have recognized their past errors and improved their performance.

Party leaders believe the vast majority of members are well-qualified in their work, so emphasis in the reassessment and registration process is placed on ideology.

The principle of seeking truth from facts must be adopted in the reassessment, and procedures prescribed in the Party Constitution must be strictly abided by, the Party document said.

The document stipulates that members must be shown written assessments of themselves and must be able to defend themselves. They can use witnesses, appeal to superior Party organizations or stand by their disagreements.

Newsmen Awarded At Media Meeting

More than 300 outstanding journalists and 50 representatives from advanced mass media organizations were recently honoured at a national mass media conference in Beijing.

Beijing Review's "Notes From the Editors" writing group was one of the 50 mass media organizations.

Congratulating China's media standouts, many Chinese leaders wrote letters or inscriptions to the conference. "Your glorious and diligent work deserves the respect of the Party and the people," wrote Hu Qiaomu, a veteran newsman who is currently Member of the Secretariat of the Party Central Committee.

Playing host to the conference, the All-China Journalists' Association listed some of the key achievements of the mass media over the past six years:

- The media has encouraged debate on whether practice is the sole criterion for truth, which has helped shake off the shackles of dogmatism and the personality cult;

- The media has made an im-

portant contribution to bringing about an upsurge in all fields of socialist economic construction by publicizing the principle for the shift of the focus of work and achievements in national construction;

- The media has criticized the "Leftist" guideline that "class struggle is the key link" and has helped spread information about democracy and the legal system;

- The media has provided elaborate coverage of the sciences, technology, education and the policy on intellectuals, which has helped society respect knowledge and intellectuals;

- The media's promotion of socialist cultural ideas, patriotism and ethics has played a key role in cultivating the younger generation and changing the social ethics for the better; and

- The media has done much work to maintain world peace, oppose hegemonism and encourage the reunification of the motherland.

Over the past six years, China's mass media has developed rapidly. There are now 300,000 journalists and more than 1,300 newspapers, which have a combined circulation of 116 million. Xinhua News Agency, the major news service in China, has grown to be one of the world's eight major news agencies. A sophisticated broadcasting and television network has taken shape throughout the country. In addition, China has 100 journalism periodicals, and there are now journalism departments in 26 universities and colleges.

Journalists, stressed Chinese leaders present at the conference, should uphold dialectical materialism, be practical and realistic and avoid making any false reports. Officials also encouraged more journalists to develop their talents to become experts in the field.

Chengdu Puts End To 'Life Tenure'

Municipal officials in Chengdu, the capital of Sichuan Province, have instituted a system that puts an end to the de facto "life tenure" previously enjoyed by most Party and government cadres.

In the past, cadres holding municipal, county and district positions were pretty much assured of holding on to their jobs no matter what their performance. They could be promoted, but rarely demoted.

But under the new system municipal cadres will take office for five years and county- and district-level cadres will be appointed to three-year terms. Those who are capable and perform well may be re-appointed for a second term, but those who fall down on the job may be removed at any time. The Chengdu Party and municipal officials see the new system as a way to improve work efficiency so as to meet the needs of the current economic reforms.

In addition, the city Party committee and government have made bold reforms in the personnel system. For instance, they decided that from now on new cadres and staff members for municipal, county and district offices may be recruited from among the ranks of government employees, workers and peasants through examinations. Those passing the exams must sign contracts with the departments which hire them, generally for a term of three years. Those who work well can have their contracts renewed, but those who are incompetent can be fired at any time.

The new system also stipulates that all newly promoted cadres, regardless of how they came into office, will receive the same political treatment and enjoy the same living arrangements as other

cadres at the same level. If they are removed from their posts, they must return to their original positions or be assigned appropriate jobs.

Peasants Leading Others to Wealth

The rapid rise in the number of prosperous peasants has received much press attention in China, but the efforts of those peasants to help others along the road to prosperity have only recently been publicized.

The Yang Gongren family, for instance, had to rely on state relief just three years ago. Today the Yang family is not only earning 10,000 yuan a year, they are also helping some 300 other families to become prosperous.

Yang, a 40-year-old peasant in Bazhong County, Sichuan Province, was disabled by disease years ago. In 1981 he learnt a technique for growing goosefoot (*Chenopodium album*), a vegetable very popular in his county. With the new technique, Yang harvested 90 tons of goosefoot per hectare and earned 10,000 yuan from his sales. The next year he was honoured with the title of agro-technician. And in 1983 he began instructing 20 peasant families on how to cultivate the vegetable. With Yang's help, most of those families, too, boosted their income to upwards of 10,000 yuan.

This year Yang organized a goosefoot association to further spread prosperity. He offers seeds and technology and guarantees output and marketing. More than 350 peasant households in his county have joined the organization, and 85 per cent of them are now earning about 10,000 yuan.

Many peasants have dramatically increased their incomes since China adopted flexible economic policies in the countryside in 1979.



Weng Xiyong (left).

Most of these peasants are ready and eager to pass on their skills to others rather than guarding their skills as secret. As a result, more and more peasants are becoming wealthier and the polarization between the rich and poor as some people are worried about has not occurred in China.

Weng Xiyong, a peasant in Gutian County, Fujian Province, is another example. He began growing the tremella fungus in 1978 and made 60,000 yuan in his first five years of production, earning him the title of "king of tremella." Many peasants followed Weng's example, and the county was soon the leading tremella producer in China.

In 1982 Weng and his family "settled down" at the Shishou Fungus Farm in Hubei Province. Weng was determined to outpace even his native county's tremella production. In just one year his new home county set up 27 such farms, and their product sells well in the country, earning them 700,000 yuan annually. In addition, more than 400 peasant households turned to producing tremella. Weng and his wife have also established a tremella research centre, training hundreds of

tremella experts for the county and for 13 other provinces.

Teams Find Water In 'Sea of Death'

The Taklimakan Desert in the Xinjiang Uygur Autonomous Region is known as the "sea of death" for its scorching heat and severe cold. Covering 324,000 square kilometres in the middle of the

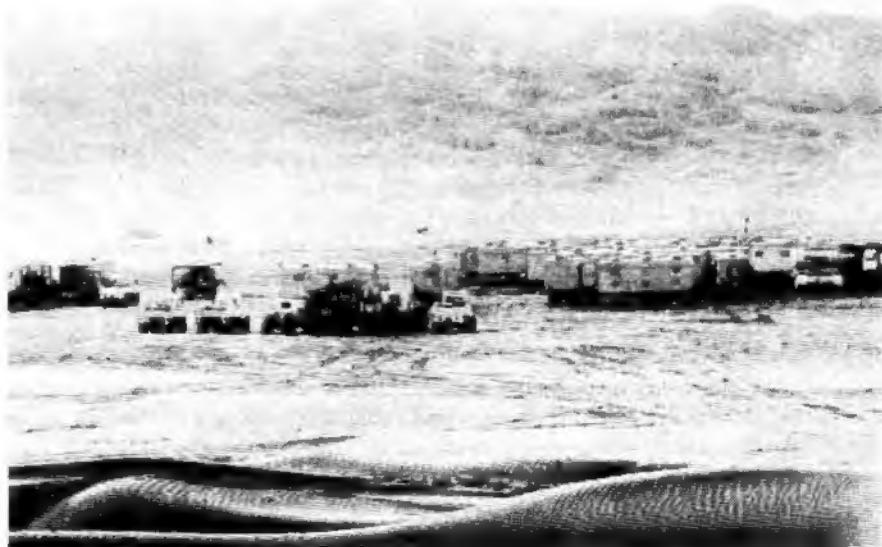
Tarim Basin, China's largest desert is a land where water is scarce and mistakes can lead to death.

But the discovery of 76 water holes by three seismic prospecting teams (two of them are joint Sino-US teams) has changed the outlook on the desert. And with water available, the prospects for developing the rich oil resources of the Tarim Basin have been improved.

In June of 1983 the three seismic prospecting teams entered the Taklimakan Desert equipped with water wagons and drilling machines to bore 300-metre-deep wells to supply themselves with water. However, their wells turned up no water and the difficulties of transporting water and driving their vehicles in the desert make their work difficult.

According to Zhang Mangang, head of one of the prospecting teams, their luck changed for the better early last November when his team pitched camp in a low-lying area in the hinterlands of the desert. The team's bulldozer was moving the sand around the camp when it uncovered a pool of water 10 metres long by 4 metres wide.

A Sino-US seismic survey team turns up water in the Taklimakan Desert.



The pool, covered by drift sand, was deep enough for the team members to swim in and the water was so clear they could see right into the bottom. There was plenty of water for the 100 team members to take baths and clean off their equipment. And after simple treatment, the water could be drunk.

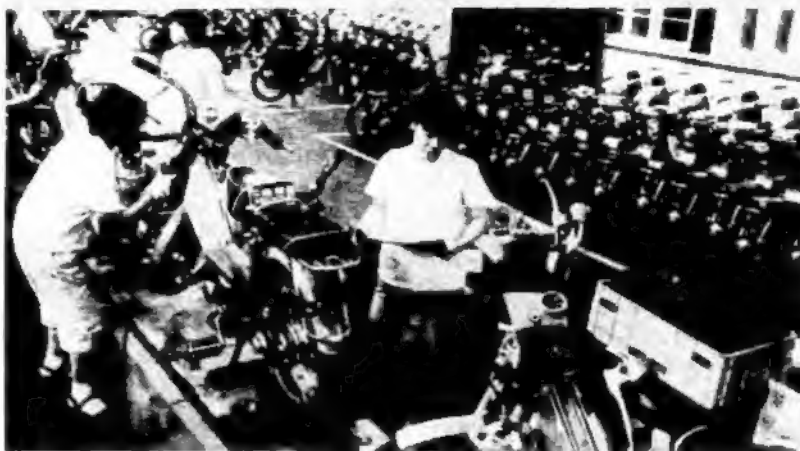
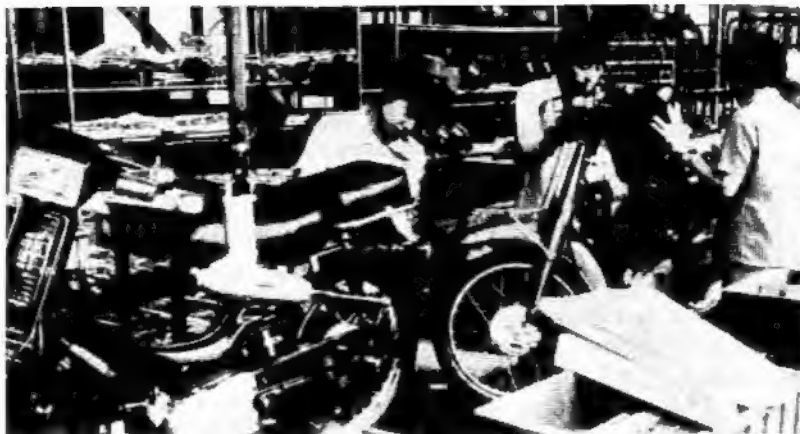
In the following days the team tried the same method of prospecting. Rather than drilling deep wells, they simply scraped off the top layers of sand, going down only 2 to 5 metres, and discovered water flowing just below the surface. Their new method turned up 75 more underground pools.

Dai Chunquan, an engineer for the team, said that finding water in the middle of the Taklimakan Desert marks the end of the days when there was absolutely no hydrological data about the "sea of death." Finding water in such a place compares with finding oil, he said, and opens up the possibility that the Tarim Basin oil reserves can be exploited economically.

Experts reason that the water comes from the surrounding mountains. When snow and ice melts off the Tianshan, Kunlun and Altun mountain ranges and off the Pamir Plateau, the water streams down through the oases on the edge of the desert and then flows quietly underground to the middle of the vast land. The snow runoff provides a steady source of ground water in a place where no one ever discovered before.

Army Producing Civilian Goods

Using its spare productive capacity, China's science and technology industry for national defence is turning out more and more civilian products. Trucks, motorcycles and medical instruments are streaming out of fac-



The Construction Machine-Tool Plant and the Jialing Machinery Factory in Chongqing are competing with each other in motorcycle production.

tories which once specialized in producing guns and rifles.

The science and technology industry for national defence has met the year's output value quota two months ahead of schedule, a 43.8 per cent increase over 1983. By the end of October seven of the 30 civilian products had also met the year's targets, including internal-combustion engines, trucks, bicycles and medical and optical instruments.

The civilian production section of the Ministry of the Ordnance Industry suffered losses from 1981 to 1983. But this year it began to turn a profit. Between January and September total taxes and profits derived from the production of civilian goods were up 106.6 per cent over the whole year of 1983.

The defence industry now turns out about 2,000 products. Two hundred of them are key products

under state plan, and 14 have received state quality awards this year.

The defence industry has developed many high-technology products which are badly needed for national construction and by the people, such as 36-ton heavy-duty automatic dump trucks for mining, mini-buses, super-light airplanes, motorbikes, refrigerators, air conditioners, colour TV sets and artificial joints.

Many military enterprises have increased their production capacity by importing advanced technologies. For example, the Chongqing Jialing Motorcycle Company co-operated with the Honda Company of Japan to develop a new motorbike. Their products sell well in China. The annual production of this joint venture represents 50 per cent of China's total motorcycle output.

Seniority System Hinders Progress

In the eyes of most Chinese, professors, scholars and scientists are inevitably old people. The "professor" on the screen and stage is, without exception, played by a grey-haired, slow-paced gentleman.

And the popular image of the old professor is actually a reflection of reality. By the end of last year, China had 4,427 full professors in its universities and colleges, accounting for only 1.46 per cent of the total teaching staff. True to the popular image, their average age was more than 66. Of the total, some 40 per cent were in the seventies and only 1.3 per cent were in their fifties. The institutions of higher learning had another 31,573 associate professors, almost all of whom were in their late fifties. The average age for both of the two groups is a decade older than the average of their foreign counterparts.

The 374 members of the General Assembly of the Chinese Academy of Sciences average more than 70 in age. And a survey of the 82 natural science societies shows that half of their presidents are in their seventies and none is younger than 50.

Of the 1,390 graduate studies advisers in social sciences, natural sciences and technologies, those under 55 make up less than 16 per cent, while those 65 and older account for 52 per cent. Many of these advisers are not physically able to guide the graduate programmes, and the day-to-day tasks are being handled by young and middle-aged intellectuals who take on the jobs of professors and research fellows without taking titles.

There are many factors responsible for this backward situation, according to critics in

science and education. The most serious factor is the practice of promoting purely on seniority with no consideration of merit. The seniority system stifles the promotion of qualified young and middle-aged intellectuals.

In some institutes and universities, for instance, when someone is up for promotion, the authorities simply check the date the candidate graduated from the university instead of weighing his skills and achievements. The earlier one graduated from school, the better the chance for promotion. Young and middle-aged intellectuals find it difficult to win promotions even if they have accomplished more professional achievements than their teachers, because their teachers often remain yet to be promoted.

"Professorship is considered not an academic title but an offer of a favour. The older you are, the easier to get the offer," complained one middle-aged teacher.

In scientific and educational circles, some people are jealous of talented young people. Such talented intellectuals not only are ignored when it comes to promotions, they also suffer satire and sarcasm. A few older officials even abuse their power to cramp younger talents.

This old practice has angered many fair-minded intellectuals, both old and young. They believe that this practice, if left unchecked, will hamper the development of China's educational and scientific undertakings.

Solving this problem, said Li Guohao, a veteran scientist and honorary president of Shanghai's Tongji University, requires intellectuals of the older generation to offer a hand to young and middle-aged intellectuals. He stressed, however, "The key to the solution rests with the young and middle-aged people themselves. They should be brave enough to break away from the old practice

and create new ideas."

Wei Yu, a scientist who obtained a doctorate in electronics in West Germany several years ago, stands firm against the practice of promotions based just on seniority. She has done much to challenge this outdated practice. Nanjing Engineering College's Biomedical Engineering Department, with Wei as its head, has encouraged teachers still in their twenties and thirties to take the lead in scientific research and education.

A Discussion on Western Europe

An academic discussion on Western Europe held in Beijing Nov. 26-30 was attended by more than 130 Chinese professors, experts and researchers. Following are highlights of the discussion.

Two Characteristics. The participants generally held that there are two important characteristics in the current situation in Western Europe. One is the development of Western Europe's independent streak and the other is the West European effort to rejuvenate its economy in an attempt to catch up with the United States and Japan. The independent trend is reflected in the revival of the Western European Union after a 30-year silence. West European nations are expressing views different from the superpowers' on many major international issues, and West European countries are changing their role in East-West relations from one of bystander to one of direct participant. In economic matters, Western Europe is meeting the challenge of the technological revolution and is heading into the Pacific region to compete with Japan and the United States.

Is Europe Weakening? The participants discussed whether or not Western Europe's economic and political situation is weakening. A

minority regarded Europe's weakening as a trend or the beginning of a long-term process of decline. But the majority of participants said they cannot say Europe is weakening. Instead, they contended, they must analyse the problem concretely and historically. The West European economy retains its vigour and strong points. And most feel the West European countries can rejuvenate their economies as long as they are united and take effective measures.

From the historical view, Western Europe, no doubt, is not as powerful as it was before. It no longer rules the world as it did at the height of its power and splendour. So it is true that Western Europe's status and influence have declined.

But the major reason for the decline is the failure of policies. Moreover, West European nations now clearly realize that they are facing severe challenges, and the member states of the European Economic Community (EEC) are working together to catch up with the United States and Japan. Meanwhile, Western Europe, as the birthplace of the two industrial revolutions, possesses a powerful industrial base, a profound history of scientific and technological development, and an abundance of scientific and technological expertise. Western Europe still holds superiority in scientific and technological research. With such strong basic research, Western Europe is at the forefront of some new technologies. In addition, the combined gross national product (GNP) of the 10 EEC nations has almost equalled the level of the United States, and the EEC's trade volume is still the largest in the world.

Thus, although it is not possible for Western Europe to truly equal the United States and Japan in the near future, it is possible that Western Europe will narrow the gap and even surpass the two leaders in some fields.

In short, Western Europe is an important pole in the world as the world heads towards multipolarity.

Significance of Strengthening China's Ties With Western Europe.

The participants agreed that Europe is a continent which breeds new thoughts and ideological trends. It was not only the cradle of the Renaissance, but also the birthplace of Marxism. Europe, where many capitalist political economic sciences developed, has a special influence on and makes an important contribution to world ideology and culture. Its co-operation with China is co-operation between two great cultural traditions. The co-operation has major significance and a profound influence in promoting world peace and development.

On the Social Welfare System of Western Europe. The participants said that social welfare programmes are the result of the West European working people's struggle. Today the welfare system has become a part of life of Western Europe, and its cancellation would result in social instability. But in difficult economic times, the welfare system, which provides benefits from cradle to coffin, is a financial burden to the West European nations. They must increase their financial payments, enterprises must shoulder a heavier burden, and the costs stifle the vigour of enterprises and hinder the spontaneous adjustment of the market mechanism.

During the meeting, a new institute, China's Institute of Western Europe, was formally established. The institute will begin publishing *Western Europe Research* as its magazine in 1985.

China to Host Asia-Pacific Fair

In co-operation with the United Nations Economic and Social Commission for Asia and the Pacific,

the China Council for the Promotion of International Trade (CCPIT) will hold the Asia and Pacific International Trade Fair (ASPAT'85) in Beijing next November.

ASPAT'85 is an important chance for Asian and Pacific countries to show their wares. The previous three fairs were held in Bangkok (1966), Teheran (1969) and New Delhi (1972). This is the first time the fair will be in China and the first international fair ever organized in the People's Republic.

The construction of the China International Exhibition Centre is scheduled for completion in the first half of 1985.

Some countries from outside Asia and the Pacific will also participate. So far 17 countries and areas have entered their names to attend. About 13 more are expected to participate.

Personal Cheques Back in Shanghai

Personal cheques are coming back to China after more than 30 years.

Jingji Ribao (Economic Daily) reports that the Industrial and Commercial Bank of China is opening checking accounts for residents in the Xuhui District of Shanghai.

Personal cheques are honoured in restaurants and shops, and can be used to pay taxis, rent and other public services in the district.

The revival of personal checking helps liven up urban economic activities and is a major breakthrough in the reform of China's banking and financial system, said a Shanghai banker.

Washington-Moscow

Has the Strategic Focus Shifted?

by WANG BAOQIN

FOLLOWING World War II, both the United States and the Soviet Union made Europe the focal point of their strategic rivalry. But in the past decade the economic boom in Asia has helped bring attention to the Asian-Pacific region and the superpowers have begun to intensify their rivalry in the East. Whether the superpowers will shift their primary stage for competition from Europe to Asia is a question that has been debated in many circles.

A two-day seminar on this question sponsored by the International Institute of Geopolitics was held last April in Paris and was attended by more than 300 politicians, diplomats, economists and political scientists from around the world. The seminar was devoted to discussions on "A New Entity: The Pacific Region" and "The Strategic Evolution and the Challenge of the Pacific."

During his April visit to China, US President Ronald Reagan characterized the Pacific basin as one of the world's fastest growing markets. The area is key to future US interests, Reagan said. Reagan's advisers pointed out that Washington hopes to shift its diplomatic focus away from Europe and towards the Pacific rim countries because of strategic considerations.

There are today three different viewpoints on this issue: Some contend that Washington and Moscow are shifting their strategic focus towards Asia, some say they will not move eastward and others

say they will not shift their focus to the Pacific basin anytime in the near future.

In my opinion, while Asia has been growing important, the two superpowers will continue to focus on Europe as their primary arena for confrontation.

The United States has seen its population, its economy and its political power shift from the East coast to the West and the South. As a result, US foreign trade and investment activity in the Asian-Pacific region has surpassed activity in Europe. The focus of US economic expansion has begun to shift from Europe to Asia.

At the same time, the Soviet Union has sped up the exploitation of Siberia's resources and has established new eastern industrial bases. About 75 per cent of the Soviet Union's fuel and energy resources and the bulk of its mineral resources are found in Siberia. Soviet investment in this region now accounts for one-fourth of the national investment. With the completion of the second Siberian railway, the Soviet economy in the eastern region will grow more rapidly. It is clear that the two superpowers need to increase their military strength to safeguard their interests in Asia.

Washington plans to concentrate its armed forces in Asia, especially in south Korea and Japan, to deal with the eastern areas of the Soviet Union. Washington regards the Asian region as the Soviet Union's "weakest link." Asia is far from the Soviet European military base area. The Soviets lack industrial strength in the

East and the sea passages are under the control of other countries. In addition, the whole region is within the effective range of US missiles.

However, the Soviet Union is attempting to split the military alliance between the US, Japan and south Korea. The Soviets are also trying to safeguard their sea route through the Pacific and the Indian Ocean and form a ring of influence around Asia, the Middle East and the Horn of Africa, thereby threatening the sea lifeline of the Western countries. Indeed, the superpower rivalry in the Asian-Pacific region has intensified recently with an increase in the strength of naval, air and missile forces.

Nevertheless, Europe is still the main stage for their global rivalry, and they will not turn away from Europe over the long term. There are several reasons for this:

The economic focus is still on Europe. About two-thirds of the Soviet gross national product comes from Europe. In 1982 the Soviet foreign trade volume with European countries was US\$119.8 billion, far more than that with Asian countries. European trade accounts for 74 per cent of the Soviets' trade total. (The volume of Soviet foreign trade with East European countries was US\$78.2 billion, accounting for about half of the total volume, and trade with West European countries was US\$41.5 billion, accounting for some 25 per cent). But Soviet foreign trade with 30 Asian countries was US\$19.3 billion, only 8.7 per cent of the total. Soviet foreign trade with Europe will increase in the coming years, but Asian trade will not.

Most international corporations

from the United States are in Europe. In 1977 the assets of the West European corporations under US control (not including banks and firms controlled by US banks) was US\$206.6 billion, accounting for 42.1 per cent of the total US capital abroad. By 1982 the gross volume of US direct private investment in Europe was US\$99.8 billion, accounting for half of the total US direct investment abroad. European investment far exceeded investment in Asia (US\$28.5 billion).

From the strategic angle, Washington and Moscow are not preparing to launch a large-scale war in Asia, but both regard Europe as their major strategic battlefield. About 71 per cent of the Soviet military forces and 73 per cent of the Soviet continental and medium-range missiles are deployed in Eastern Europe and in the western part of the Soviet Union. Taking advantage of its well-armed troops, Moscow thinks it is better to use Eastern Europe as a springboard to thrust its influence into Western Europe, the Middle East and North Africa, than to fight with the United States in Asia, because it threatens the United States and West European countries most.

After World War II, Washington stationed 330,000 troops in Europe. Since then the United States has deployed some 6,000-7,000 missiles in Europe, including new medium-range missiles. But US troops stationed in the Asian-Pacific number only about 128,000 and only 1,000 missiles are deployed. The latter concentrated in south Korea. Washington has used the strong armed forces of the North Atlantic Treaty Organization (NATO) to block Soviet moves and to defend its own territory. This is key to Washington's strategic plan.

There has been no talk about a shift to the east in the Soviet Union. And the concept of emphasizing Asia or weakening Eur-

ope has not prevailed in the United States. Early in the 1950s, when the Korean War broke out, General Douglas MacArthur, then commander-in-chief of US armed forces in the Pacific, argued that Europe was a decaying political system and predicted that the Pacific region would decide history for the next 1,000 years. He even advocated that the United States expand the Korean War into China. However, MacArthur was opposed and dismissed by President Harry S. Truman.

In the 1970s US Senator Michael Mansfield, and later Secretary of State Henry Kissinger and other American political leaders for

various reasons called for US troop withdrawal from Europe. But all their proposals were opposed by the administration and were voted down by the US Congress. Current Secretary of Defence Caspar Weinberger once said that the United States could not survive if it were defeated by the Soviets in Europe. He stressed that Washington will not ignore its commitment to the NATO countries by taking away its troops from Europe. Former Under Secretary of State Lawrence Eagleburger said that although Washington has close ties with Asia, it will emphasize the importance of the Atlantic alliance to US politics and security over the long run.

Togo

Lome Convention Renewed

by ZHENG YUANYUAN

THE 10 member nations of the European Economic Community (EEC) and 65 African, Caribbean and Pacific countries recently signed the Lome Convention III, marking the continuation of the most influential North-South trade organization.

Signed on Dec. 8 in Lome, the capital of Togo, the new convention goes into effect March 1, 1985. The new document was hammered out after four rounds of negotiations beginning more than a year ago in Luxembourg.

The first Lome Convention, signed on Feb. 28, 1975, was a major international and political event. By bringing 46 developing nations from Africa, the Caribbean and the Pacific into a trade bloc with West European nations, it fostered North-South co-operation and benefited the economies of all involved. The original Lome document reflected progress in the struggle by third world nations to establish a new international eco-

nomie order and to safeguard their national interests. The 1975 agreement also indicated a desire by the EEC members to improve their economic and political relations with the third world through consultation. The convention states that the two sides are equal partners and that dialogue replaces confrontation.

The first convention was renewed on Oct. 31, 1979, by 52 African, Caribbean and Pacific countries. And during the Lome III negotiations, 65 developing nations took part. With the addition of Angola and Mozambique, African nations now account for two-thirds of the convention members.

The first convention made several breakthroughs. The EEC countries agreed to buy the industrial products and a majority of farm produce from the Lome Convention member nations free of taxes and they did not demand preferential duties in return. The convention specified the stabex (a system for the stabilization of export earnings). In addition, the

EEC allocated financial aid of US\$4.65 billion.

There were several improvements in Lome II. The number of products covered by stabex increased from 34 to 44, and the compensative terms were enlarged. At the same time, the amount of EEC financial aid climbed to US\$7.45 billion.

Observers note that the co-operation between the second and third world countries has played a role in promoting the economic development of the third world. Through these conventions, the third world countries have expanded their trade, reduced their export losses and improved their capital construction. However, the EEC countries have benefited even more. These conventions ensured the supply of raw materials for European industry, and third world markets and investments have been opened to the EEC. Because of their different trade structures, African, Caribbean and Pacific exports consisted of primary products (more than 95 per cent) while the EEC exports were primarily manufactured goods (about 85 per cent). The price gap between these products was huge, so the developing countries suffered trade imbalances. Although the EEC countries gave financial aid, they gained great profits through investment in the third world nations. Therefore, the third world countries tried to win more favourable terms of co-operation and assistance when they renewed the convention.

The recent negotiations for renewal of the Lome Convention were more difficult than before. At issue was the amount of aid. The African, Caribbean and Pacific countries, noting that the African continent is suffering from drought, hunger and a worsening economic condition, suggested that the sum of aid increase. Meanwhile, the EEC facing financial difficulties was reluctant to offer more.

The final compromise calls for the EEC to provide 8.5 billion European monetary units (about US\$6.3 billion) in financial assistance. The developing countries expressed disappointment at the figure. Another dispute during the negotiations centred around the EEC request to write into the new convention a policy dialogue on the development projects of the countries receiving aid. The EEC also wanted a human rights clause added. These requests were flatly rejected by the third world countries. They noted that the policy dialogue would probably lead to interference by the developed countries in the internal affairs of the developing countries, violating the principle of equal partnership. And they speculated that the human rights clause would

become an excuse for the EEC to reduce aid.

Although the two sides had differing opinions during the renewal negotiations, they both made concessions. They reached agreement on such issues as exploration of rural areas, guaranteeing self-reliance in food, financial and technical co-operation, and strengthening co-operation in the energy industry and mining. For a decade they have realized their relationship of mutual benefit and needs. The economic and political ties they have forged have become an important factor in maintaining world stability and security. Herein lies the strength of the Lome Convention and the reason the members overcame obstacles to reach the third agreement.

South Africa

Government Faces Growing Woes

by LI HONG

WITH continued condemnation by the international community and a string of domestic economic and social difficulties, the South African government has been under fire both abroad and at home.

During the Dec. 1-4 debate on the South African occupation of Namibia, the United Nations General Assembly roundly condemned the regime's actions and demanded an end to the occupation. The 97 speakers strongly castigated the South African authorities for keeping the Namibian people under the yoke of colonialism in defiance of international calls for Namibian independence.

The current General Assembly also voted overwhelmingly on Nov. 23 to adopt a report urging mandatory sanctions against South Africa. The report, which dealt

with "collaboration with South Africa" by some nations and corporations, urged the UN Security Council to impose "complete and mandatory sanctions" against South Africa. The report suggested sanctions against: The provision of technological assistance or collaboration in the manufacture of arms and military supplies; collaboration in the nuclear field; supply of loans to or investment in South Africa; and the supply of petroleum, petroleum products and other strategic goods.

South Africa's economy has also suffered because of its racist apartheid policy and its military aggression against its neighbours. Its economic woes have been complicated by the international capitalist economic crisis.

South Africa has experienced its most serious post-World War II economic crisis over the past few years. In 1980 South Africa's gross domestic product (GDP) in-

creased 7.8 per cent, but in 1981 it dropped to a 4.9 per cent increase. And in 1982 and 1983, the GDP actually decreased by 1 per cent and 3 per cent respectively. Although most Western economies showed signs of recovery early this year, South Africa's economy is still at a standstill. The nation has devalued its currency, suffered poor agricultural production and increasing unemployment. Most blacks in South Africa are living in dire poverty.

Mining forms the basis of the modern South African economy. Mineral exports account for more than 50 per cent of South Africa's total export value. Owing to declining mineral prices on the world market, South Africa has suffered heavy export losses.

South Africa's diamond output accounts for over 80 per cent of the world's diamond market. It totalled US\$2.72 billion in 1980, but dropped to \$1.47 billion in 1981 and \$1.26 billion in 1982. Although it picked up to \$1.6 billion in 1983, output was still far below the level of the 1970s. In 1982-83 the export coal price was US\$57 per ton, but it dropped to \$44 per ton in 1983-84.

Gold is the economic pillar of South Africa. Its export value accounts for 40 per cent of the country's total export value and 60 per cent of the mineral exports. The economic development of Prime Minister Pieter Botha's regime has relied on the rising gold price and a cheap labour force. In 1980 the price of one ounce of gold reached US\$850, but it dropped to \$511 in 1983 and \$400 this year. The sharp decline in the gold price has dramatically weakened the rand (South Africa's currency). In 1981 one rand equalled US\$1.33, but last August one rand was worth only US\$0.60.

The severe drought throughout Africa has also impacted South Africa. In the past South Africa

In the Wake of Disaster

by LU JIN

THE gas disaster at the Union Carbide Factory in Bhopal, India, which killed at least 2,000 people and apparently injured another 200,000 in the city of 700,000, was shocking news. We in China express our sympathy to the victims and their families.

At first glimpse the disaster appeared to be simply a technological problem about a poisonous leak. However, upon closer study, it is clear the disaster brings up a question worthy of careful consideration about the relations between advanced and developing countries.

Today's world is witnessing a change in the structure of industry, labour and the market. While they develop their high-tech information society, some advanced nations are transferring their energy-demanding, labour-intensive, polluting industries to the developing countries. "Pollution" has become a characteristic export of some industrialized countries. Industrial environmental accidents at factories owned by international corporations in the developing countries have happened before. The disaster at Bhopal was just such an example of a dangerous industry being operated in a developing country.

In economic and technological co-operation, the advanced countries, instead of shifting their troubles to the developing countries, should respect the interests of the third world and should sincerely help them accelerate their economic development. This is the conclusion that must be drawn from the disaster in Bhopal.

was the third leading corn exporter. Corn output reached about 10 million tons in the late 1970s, and it hit the peak output of 14 million tons in 1981. However, agricultural production declined in recent years. Botha's regime has been forced to import two to three million tons of grain each year in recent years to meet the domestic demand.

Large defence and administrative expenditures have also become a burden to Botha's regime. In the past few years defence and administrative expenditures have increased rapidly as the South African authorities pursued a policy of military aggression against neighbouring countries, occupied Namibia and violently suppressed South African blacks. About US\$1 billion a year has been spent on the military occupation of Namibia and some US\$1.5 million per day is spent to wage war in Angola. The South African military budget will reach US\$2.25 billion in the 1984-85 fiscal year.

accounting for 16.1 per cent of the total budget, an increase of 21.4 per cent over the last fiscal year.

South African authorities have also raised taxes at home to make up their government's budget deficit. The personal tax burden is three times that of 1974, and the inflation rate in 1982 was 15 per cent.

As the economy deteriorated, a large number of enterprises have been forced to close down and the number of unemployed has reached 3 million, the majority of whom are blacks. An investigation revealed that 20-40 per cent of the blacks in the Johannesburg suburb of Soweto are living below the poverty line. The worsening economic situation has aroused great indignation among South Africans. Strikes have occurred frequently. Trade unions, student associations and other mass organizations have formed an alliance to battle both the apartheid system and attempts to transfer the economic crisis on to the people.

A Look at the US-Japan-ASEAN Triangle

Economic and strategic considerations constitute the cornerstone for relations between the United States, Japan and the six members of the Association of Southeast Asian Nations (ASEAN). The economic competition between the United States and Japan in Southeast Asia has both benefits and complications for the ASEAN countries. But as long as the Soviet-Vietnamese threat hangs over the area, the present relationship between the United States, Japan and ASEAN will continue, despite their differences.

by PEI MONONG

THE US-Japan-ASEAN three-way relationship developed to its present form in the years following World War II. Despite many contradictions and occasional disputes, their similar ideologies and political systems, and, above all, their common desire for economic co-operation and need for joint diplomatic and strategic efforts allowed them to form a special tripartite relationship. The three-way relationship is a major factor in the Asian-Pacific region today and it looks like it will have an influence for years to come.

For both the United States and Japan, the ASEAN countries—Malaysia, Singapore, the Philippines, Thailand, Indonesia and Brunei*—provide both raw materials and a ready market for finished goods and for investment. Both developed nations expect support from the ASEAN members for their Pacific development plans.

By taking a look at their trade and investment in Southeast Asia, one gets a good idea of how im-

portant the US-Japanese economic competition is in the region.

Trade. US total export to the ASEAN countries, calculated in today's dollars, increased at an average annual rate of 22.4 per cent during the 1970s, faster than its export total, which climbed at a rate of 17.3 per cent. US imports from ASEAN countries increased at an average of 26.8 per cent. That, too, was faster than the total imports, which rose at a rate of 20 per cent.

Japan's export to the ASEAN countries expanded at an average annual rate of 20.3 per cent during the 1970s, making up 9.4 per cent of its export total. Japan's import from these countries grew annually by 27.1 per cent, while the average growth rate of its total import was 21.6 per cent.

Statistical reports show that trade with the United States accounted for 26.9 per cent of ASEAN's 1979 foreign trade total, while Japanese trade made up 46.9 per cent. That is to say, 73.8 per cent of ASEAN's trade was with the United States and Japan.

Investment. When ASEAN was founded in 1967, the United States was still the number one foreign investor in the area. Entering the 1970s, though, Japan took the lead. By 1980 Japanese investment in the ASEAN countries exceeded

US\$7 billion, whereas US investment stood at US\$5 billion, although estimates from the US State Department claimed that the figure was close to US\$10 billion. Other data showed 1983 Japanese investment reached more than US\$10.6 billion. All signs indicate that the United States and Japan have embarked upon an intense investment rivalry in the region.

From 1966 to 1977, America's investment in the ASEAN countries grew at a rate of 13.7 per cent annually, much higher than the growth rate for its overseas investment total. But Japan's investment in the area went up much quicker, from US\$166 million in 1966 to US\$4 billion in 1976, which means an annual growth rate of 37.5 per cent.

The lion's share of US investment in ASEAN countries is in manufacturing. There is also large investment in tapping Indonesia's oil resources. Although Japan has also stressed manufacturing investment, Japanese investors have put most of their money into raw materials, which are used to support Japan's industrial demands. Japan would rather invest in old labour-intensive industries than new large-scale, capital-intensive businesses.

The United States has fallen behind Japan. Unlike the former, Japan has encouraged trade and

* Brunei, which joined the ASEAN in January 1984, is not mentioned elsewhere in the article and the statistics do not reflect Brunei's presence in ASEAN.

investment by providing export credit, preferential loans and deferred payments. US scholars claim that American business is facing its "severest test" in ASEAN. Hence we see US-Japanese economic relations are sensitively affected by their economic postures in ASEAN.

Why should ASEAN assume such importance to Japan? First, it is because ASEAN countries are Japan's major trade partners in the region. The two-way trade between Japan and ASEAN countries approached US\$34.3 billion in 1982. Furthermore, Japan has invested a great deal in the region. Second, 70 per cent of Japan's oil imports, which are vital to the Japanese economy, must be shipped through the Strait of Malacca in Southeast Asia from the Middle East. Third, Japan is heavily dependent on raw materials provided by ASEAN countries: 99 per cent of Japan's imported natural rubber and tin and 95 per cent of its imported hardwood come from those countries. Moreover, Japan also imports large amounts of plant oil, nickel, copper, bauxite and other raw materials from ASEAN. Fourth, the ASEAN countries are an important link in Japan's plans for a Pacific basin community.

Among the United States' trade partners, ASEAN ranks fifth. US-ASEAN two-way trade reached US\$23.2 billion in 1983, about 18 per cent of the US-Asian and Pacific trade total. As for US imports of raw materials, ASEAN natural rubber accounts for 89 per cent of the US import total; tin, 65 per cent; palm oil, 99 per cent; coconuts, 95 per cent; and hardwood, 28 per cent. There are also some rare minerals imported by the United States. The United States is also interested in establishing a Pacific basin community. Simply put, the United States will never relax its economic

rivalry with Japan in Southeast Asia, although to Washington the region is less important than it is to Tokyo.

ASEAN's economic conflicts with the United States and Japan are reflected in US and Japanese discriminatory limits on ASEAN exports of primary products by means of depressed prices and high customs tariffs. US and Japanese investment and technical exports to ASEAN countries are also often made under unfair terms. Thailand and the Philippines are already suffering from overwhelming trade deficits. ASEAN, on one side, and the United States and Japan, on the other, often trade threats and accusations over such matters.

ASEAN's Successes And Problems

By combining their own resources with foreign capital, the ASEAN countries have made important economic strides in the past few decades.

Roughly speaking, one-third of the foreign capital these countries have received has come in direct investment, one-third in official aid, and one-third in securities and short-term funds. ASEAN members have tried to boost their economies by opening their domestic capital market to the world and by obtaining foreign loans. And as the United States, Japan and some other countries raced to invest, grant loans and expand trade relations with the ASEAN members, the latter received a tremendous push to their economic development. The effects are manifested in several aspects:

1) The ASEAN countries have enhanced their ability to accumulate capital, increasing the share of investment in their gross national product.

In 1960 the ASEAN countries' total domestic investment averaged

13 per cent of the GNP, but 20 years later the figure has more than doubled, reaching 30.2 per cent. This increase, to a large extent, helped these countries overcome their difficulties arising from a shortage of domestic funds and backward technology.

2) Remarkable progress has been made in some economic sectors, especially the oil industry in Indonesia and banking, oil refining and oil drilling in Singapore.

3) Foreign trade has been promoted. For instance, Indonesia's 1979 imports total was 9.3 times that of 1969, and its exports total multiplied 18.6 times. From 1972 to 1978 the Philippines registered an average annual growth of 26 per cent in its foreign trade.

4) The ASEAN countries have gradually turned from primary product producers to industrial powers. Take Malaysia and Singapore, for instance. The proportion of the output value of their manufacturing industries grew, respectively, from 9 per cent and 12 per cent in 1960 to 23 per cent and 28 per cent in 1980.

5) More employment opportunities have been created, skilled workers have increased efficiency and the level of technological management has been raised

These factors, working in combination with the ASEAN countries' rich natural resources (Singapore excepted), an abundant labour supply, relatively low wages, an enormous potential market, advantageous geographical locations, a relatively stable political situation and continuity in economic policies, have brought about tremendous development in the ASEAN economy.

But it should be noted that the stimulating economic effect of foreign capital is limited and cannot last long, while its negative in-

fluence will be enduring and far-reaching.

First, it will be hard for some sectors of ASEAN's economy to get away from the control of foreign capital. For instance, Indonesia's oil industry is largely dominated by foreign capital, which totalled US\$5.9 billion in 1981, with US\$4 billion belonging to the United States. Of the 16 foreign oil companies in the country, 11 are US firms, and they account for 80 per cent of Indonesia's total oil output.

In Singapore, foreign capital has always outweighed local capital and has seriously checked the growth of the latter in the national economy. In Malaysia the registered foreign firms account for 46 per cent of the total investment made by all the country's companies. Foreign-owned plantations make up 20 per cent of Malaysia's total cultivable land, far surpassing the amount of land planted in rice.

Second, the ASEAN countries have become more and more dependent on the US and Japanese capitalist markets and are increasingly susceptible to foreign market fluctuations. A case in point is the Western economic crisis of recent years that greatly slowed the economic growth of the ASEAN countries. Although most ASEAN countries began to experience an economic upturn in 1983, the Philippines continued to suffer, as its growth rate slowed to 1.4 per cent. The crisis also caused these countries' external trade terms to deteriorate, resulting in reduced imports, swelling red ink in the balance of international payments, increasing debt and mounting unemployment.

Third, foreign capital, in combination with local bureaucratic capital, is increasingly elbowing aside the medium-sized and small national enterprises in the ASEAN countries. This phenomenon is

most noticeable in Indonesia and Malaysia.

Fourth, too much reliance on foreign capital has prevented a balanced development of the economy. In Malaysia, for instance, 70 per cent of the cultivated land is planted in rubber and oil-bearing palm trees, while food crops occupy only 20 per cent of the land. The imbalance has caused shortages in grain and animal products. The development of the country's mining industry is also lopsided.

Fifth, as a result of heavy exploitation by foreign capital, huge amounts of money in the form of profits have left the ASEAN countries. In ordinary times, foreign enterprises earn a profit of 20 per cent from their investments. But when the product is in great demand, they often make 100 per cent profit. In oil, electrical appliances, electronics and in plantations, it is common for foreign investors to take away as much as 80 per cent of the value created by the workers.

Sixth, the natural resources of the ASEAN countries have been damaged and ecological problems have resulted. Indonesia's oil reserves, for example, are being drained after decades of production. If no new oilfields are opened, its present oil reserves will last only 15 years. Malaysia's tin and iron deposits, as well as its oil and timber resources, are also facing over-exploitation.

Nearly all the ASEAN countries are deeply in debt. Of the top 12 world debtors, three are ASEAN members — Indonesia, the Philippines and Thailand. Indonesia's foreign debt was US\$23.4 billion in 1983. Malaysia owed other countries US\$13.5 billion, according to a report by its central bank in July 1982. As the president of the Philippines central bank revealed in his 1983 financial

report, his country ran a debt of US\$25.6 billion. And Thailand's foreign debt reached US\$11.1 billion in 1983.

All the ASEAN countries, with the exception of Singapore, have already passed the historical stage when they benefited from foreign investment and loans. They have now entered the period when they are becoming sufferers.

The main task of the ASEAN countries now and for some time in the future is to maintain and develop their relations with the United States and Japan while protecting their own interests. ASEAN members are studying ways to boost their national industries, to increase economic ties with other countries and to solidify co-operation among themselves. Trade between the six members of the association accounted for only 15 per cent of their total foreign trade in 1981, a share less than one-third of their trade with Japan. The lack of inter-association trade is a situation that has plagued the region.

ASEAN, being an active proponent of the new international economic order, a supporter of North-South dialogue and a participant in South-South co-operation, is qualified to play a more important and positive role in world affairs.

(To be continued.)



Ethnic Groups United in Xinjiang

"Beijing Review" correspondent Lu Yun recently interviewed Wang Enmao, first secretary of the Xinjiang Uygur Autonomous Region Party committee, about relations between the different ethnic groups in Xinjiang. In the interview, Wang mapped out a blueprint for future development of the region. — Ed.

Question: You have always stressed that national unity is of primary importance in Xinjiang. Why is that so?

Answer: National unity is not only of prime importance in Xinjiang but also in China as a whole.

Ours is a united multi-national country, with 55 minority ethnic groups. With the Hans, there are a total of 56 nationalities in China. Without the unity of all nationalities, it is impossible to achieve stability and unity in our political situation. And without such a stable political situation, it is impossible for us to proceed in the socialist modernization drive smoothly.

The large population of China is an advantage and an important factor in building socialism. The population of the Han nationality accounts for 93.3 per cent of the country's total, and the economic and technical level of the Han areas is much more advanced than that of the economically and culturally backward minority areas. Although the combined population of China's various minority ethnic groups is only 67 million, or 6.7 per cent of the country's total, the areas where the minority people live in compact communities make up 30 to 60 per cent of the country's land total. In addition, these areas abound with natural resources. Combining the strengths of the Han people with those of the minority nationalities will help promote China's modernization drive.

Xinjiang is the home of many ethnic minorities. It covers more than 1.6 million square kilometres, accounting for one-sixth of the country's total area. The region is endowed with favourable natural conditions for developing farming and livestock breeding. So far more than 48 million *mu* (15 *mu* equal a hectare) of farmland has been reclaimed, and there is still



another 100 million *mu* of arable land. The region also has 760 million *mu* of grassland.

Although the area is very dry, the three big mountain ranges — Tianshan, Altay and Kunlun — and the Pamir Plateau, which are all perennially covered with snow, provide it with 110,000 million cubic metres of melted snow water and other water resources. There are 460 rivers, including 13 big ones, flowing across the region.

The rivers provide a total of 32 million kilowatts of hydroelectric resources

Xinjiang also has abundant mineral resources. Oil deposits have been discovered in all three of its main basins: Junggar, Turpan and Tarim. Its prospective coal reserves rank first in China. In addition, it has numerous non-ferrous and rare metal deposits. Before the Soviet Union found its own rare metal deposits for developing atom bombs, it relied on the supply from Xinjiang. Xinjiang's rich mineral deposits also include gold, silver, copper, nickel, manganese, lead, antimony, crystal, Iceland spar and jade.

Experts from many other countries agree that northwestern and southwestern China are the most promising regions of China in many respects. These areas are all minority areas. Our government has decided to gradually shift the focus of our country's economic construction to the northwest and the southwest. This will help boost the economic and cultural development of these areas.

Before liberation most of China's minority people suffered two-fold exploitation and oppression by both the reactionary ruling classes and other nationalities. After liberation, under the leadership of the Chinese Communist Party, the minority people eliminated the system of exploitation and oppression, and equality and unity of all nationalities has been achieved in China. This, in turn, helped change the backward outlook of the minority areas, and the economy and culture in these areas have prospered.

Q: How is the solidarity of all nationalities manifested in Xinjiang, where the combined popula-

tion of the minority nationalities outnumbers the Han population?

A: The Chinese Communist Party's correct policy towards nationalities is the source of its power to unite all the nationalities in Xinjiang, as it represents the fundamental interests of all ethnic groups.

The most important and the most basic part of our policy towards nationalities is the one on practising regional autonomy by minority nationalities. The Second Session of the Sixth National People's Congress held last May adopted the Law on the Regional Autonomy of Minority Nationali-

ties. From their own experiences, the minority people realized that none of the nationalities in China could win liberation independently. This could only be achieved by uniting and fighting together with all the other nationalities under the leadership of the Chinese Communist Party. Following liberation, all the nationalities proceeded to seek common progress and to change the backward economy and culture caused by historic reasons.

After the liberation of Xinjiang, the Party's national policy was carried out in the region by establishing regional autonomy. This brought tremendous change to the

the time of liberation, Urumqi, now the capital of the autonomous region, had only one power plant with an outdated 300-kilowatt generator. At that time the region did not have an inch of railway or paved road. It had not one modern weaving machine, nor could it produce a single piece of iron or steel or any kind of machine. Today the region boasts more than 4,000 industrial enterprises, which produce more than 2,000 kinds of products. There are more than 20,000 kilometres of highway in the region, and progress has been made in rail and air services. The changes have transformed Xinjiang into a hub of communications and transportation leading to the Middle East and Europe.

In the past the region had very few primary and secondary schools and only one college. Today Xinjiang has 160,000 college graduates and 30,000 students studying in various institutions of higher learning. All this could not have been achieved without support from the state.

For its part, Xinjiang has made great contributions to the country's socialist construction. Over the past three decades, Xinjiang has supplied other parts of China with large amounts of petroleum, coal, cloth, cotton and other raw materials.

The people of all the ethnic groups in Xinjiang understand that it is the Party's correct policies towards nationalities that have helped improve their lives and stimulated the economic and cultural undertakings in the region.

Q: Why did China adopt regional autonomy in the minority areas to solve its national problems?

A: The decision to practise regional national autonomy and not a federal system was based on China's actual conditions. The policy is a product of integrating Marxist theory on the resolution of

A Uygur doctor (right) discusses a case with his Han colleagues.



ties. Before this, there were a series of concrete policies. The policies call for democratic reform and the socialist transformation in the ownership in the minority areas. Party building, training of minority cadres, respect for the customs and habits of the minority nationalities and freedom of religion. Policy also stipulates that Han cadres working in the minority areas must learn the local people's spoken and written languages.

region. Democratic reform and socialist transformation in the ownership eliminated the system of exploitation and oppression and brought about equality for all nationalities.

The state has rendered Xinjiang great help in its economic construction. Over the past more than 30 years, the state has provided subsidies of 13,400 million yuan, of which 12,600 million yuan was used on capital construction. At

national problems with China's concrete conditions.

In the early days of liberation, some people suggested we copy the Soviet method of establishing a union of republics in China. But our circumstances are different from those of the Soviet Union, which became a union of republics only after the October Revolution with the gradual merging of 14 republics with Russia. China has been a united state since ancient times. How could it go backwards to a federal system to establish a union of republics?

Progress and improvement in living conditions over the past 30 years since the founding of the Xinjiang Uygur Autonomous Region have proved that this policy is correct. The Law on the Regional Autonomy of Minority Nationalities legally recognized our practices and experiences.

Q: After you went back to Xinjiang you successfully handled the Kashi Incident in 1981. What lessons did you learn that might be applied elsewhere?

A: In mid-October 1981 the Secretariat of the Party Central Committee held a meeting in Beijing on the question of Xinjiang and formulated a plan for the development of Xinjiang. At the same time, the Party Central Committee decided to transfer me back to Xinjiang from Jilin.

The Kashi Incident occurred on October 30. A Han youth named Ye Xin had a quarrel with a Uygur youth named Abudukader and killed him while they were digging a water diversion canal. The authorities concerned did not handle the case promptly and some people took advantage of it to whip up resentment among the Uygurs against the Hans. They encouraged some Uygur people to carry the youth's body in a protest march. In the ensuing turmoil, many Han

people were wounded and one was killed.

The correct handling of the Kashi Incident may be considered a turning point in minority relations in Xinjiang. Because of "Left" mistakes during the "cultural revolution," relations between different nationalities in Xinjiang had been rather tense. The situation had remained unstable, and unpleasant incidents had occurred from time to time. The Kashi Incident was dealt with according to the Party Central Committee's instructions and the Party's policies towards nationalities. We weighed our experiences and lessons and educated our cadres. The successful handling of the case provided an example for the resolution of national relations. Since then unity between the various nationalities in Xinjiang has steadily improved.

The lesson we learnt concerns the treatment received by the minority and the Han people involved in such an incident. Should we treat them differently or the same? We treated them the same, punishing the murderers, both Han and Uygur, according to the law of our government.

The Chinese Communist Party believes in trusting the broad masses of people and relying on and uniting with people of all nationalities. We know there are bad and counter-revolutionary elements. But they are only a tiny few in number. After the incident occurred, some people claimed that it had been stirred up by an anti-Han force among the minority nationalities. I couldn't agree with this opinion. There are some people who are against the Hans, but they are only a handful. Most minority people get along well with the Hans. Judging from my own experience in Xinjiang since 1949, I don't believe that there are many people who are against the Hans. In 1949, when the People's Liberation Army entered Xinjiang, the people of all nationalities there regarded the Hans as their saviours. The PLA and the people's government emancipated the minority people from severe class and national exploitation and oppression, thus bringing the relations even closer. As the means of production was transformed to socialist ownership, living standards improved, and the local people stood

A worker of the Hui nationality (right) at the Tianshan No. 1 Knitwear Mill swaps experience with her Uygur friend.



firm in support of the Communist Party. Over the past three decades the Han people have established close friendship with the people of all nationalities in Xinjiang. During the Kashi Incident some people did attack the Hans, but they were only a few in number. Most of the minority people stood up to protect the Hans.

Given this, we didn't resort to suppression or military involvement. Instead, we used political means to solve the case. To send troops might have temporarily squashed the turmoil, but it would have eventually widened the differences and planted a seed of disunity between the different nationalities.

Our successful resolution of the incident won the support of the people of all nationalities in Kashi and Xinjiang as a whole. Since then the autonomous region's Party committee has strengthened its work in promoting national unity. It has held meetings to commend those making contributions to national unity and called a Party congress to sum up experiences in strengthening national unity. Efforts have also been

made to educate people about national unity, including Marxist theory on nationalities and our Party's national policies. We have encouraged the people of all nationalities to trust, respect and support one another and learn from each other. Now, an atmosphere of unity prevails the region.

Q: The Party Central Committee has decided to turn Xinjiang and all of the northwest into an important base of development for a powerful socialist China. What kind of preparatory work will Xinjiang do to meet this challenge?

A: Last year Comrades Hu Yaobang and Zhao Ziyang made separate inspection tours of Xinjiang. On behalf of the Party Central Committee, they outlined a strategic plan for China's socialist economic development that includes turning Xinjiang and the northwest into an important base for economic construction in the next century. This decision greatly encouraged the people of all nationalities in Xinjiang and heightened their confidence in the success of the modernization drive. Before this we planned to quadruple Xinjiang's annual gross industrial and agricultural output value by

the end of this century as compared with that of 1980. Now we have decided to increase it five-fold. We are sure that this target will be achieved, because, in addition to our own efforts, the government will render Xinjiang greater help—financially, technically and intellectually—to fulfil the strategic goal.

During the current Party consolidation movement we put forward three propositions for the development of Xinjiang. First, we want to increase the region's annual gross industrial and agricultural output value five-fold by the year 2000. Second, we hope to bring Xinjiang's economic and cultural level up to the nation's average or above-average level by the end of this century. And third, we plan to complete the preparatory work for the future large-scale development of Xinjiang.

For the preparatory work we will devote our efforts to the following eight aspects: 1) drawing up a plan for overall development; 2) stepping up the pace for verifying geological resources; 3) building water conservation projects on a large scale; 4) energetically developing transport and communications; 5) expediting energy construction; 6) expanding the building materials industry; 7) strengthening intellectual development and training more competent people; and 8) ensuring the necessary key projects that we have the ability to start now.

The fulfilment of the work in the above-mentioned eight fields will provide the base for the development of the region's industrial and agricultural production and will gradually turn the region into a grain, cotton, sugar beet and fruit production base and a centre of the petroleum, coal, non-ferrous and rare metals, chemical, light and foodstuffs industries. I am confident that there are broad prospects for the development of Xinjiang. □

A Uyghur teacher of the Xinjiang Art School coaches his Han student.



Large-Scale Development Mapped Out

by JING WEI
Our Correspondent

This second report from the energy resource base of Shanxi deals with its present and future development. The first report, which appeared in issue No. 49, was on coal resources and production. — Ed.

SHANXI Province is rich in coal which is fairly easy to mine. Since China began focusing on economic development in 1979, Shanxi has been designated as a major development area. In 1982 the State Council set up the Office for Planning the Energy Resource Base of Shanxi, which is responsible for the overall planning and co-ordinated development of Shanxi Province and its surrounding area including the western part of Inner Mongolia, the northern part of Shaanxi Province and the western part of Henan Province. Its purpose is to build the area into the country's biggest energy production and supply base.

The development plans for the near future include building new and modernizing old railways to enhance Shanxi's ability to ship coal, building new and reforming old mine shafts to increase coal output, and building new and expanding old power plants to transform coal into power for nearby industrial areas.

Long-Term Targets

Talking about long-term planning, Shanxi Governor Wang Senhao said, "By the end of this century Shanxi's annual coal output will rise from 159 million tons in 1983 to 360 million to 400 million tons." That is to say, the annual increase from now on will be around 14 million tons. Yet

during the 34 years between 1950 and 1983 the average annual increase was only 4.6 million tons. The Shanxi people are planning carefully and working hard to make this great goal a reality."

The Gujiao mining area to the west of the provincial capital Taiyuan is now under construction. This is one of China's key construction projects. More than 20,000 workers are labouring round the clock. The mining area has already been linked to railways and highways. The Fenhe River, which runs through the mining area, has given its banks over to a seven-storey office building and dozens of blocks of workers' dormitories. The workers are testing imported mining machinery. The boom of explosions as new shafts are blasted echoes in the nearby valleys.

Deputy commander-in-chief Wang Youqiang said construction of the Gujiao mining area began in 1979. Its designed annual capacity is 16.5 million tons. The Xiqu mine, which was built with an annual capacity of 3 million tons, is expected to go into operation by the end of this year. The second mine, called Zhenchengdi, began construction in 1982 and is planned to begin production in 1986 with an annual capacity of 1.5 million tons. The construction of the third one, the 4-million-ton Malan mine, began at the end of last year and is scheduled to be completed in 1989. The other two 4-million-ton mines will be started in the near future.

"As the new coal mines are being dug, five large coal-washing plants with a total annual capacity of 16.5 million tons will also be built," Wang said. "When all this has been completed, Gujiao will be a large-scale coking coal base.

No doubt it will have an important place in the country's economic revitalization in the 1990s."

In the Pinglu-Shuoxian area in northern Shanxi, construction of the Antaibao No. 1 open-cast mine, one of the five open-cast mines to be built in China with an annual designed capacity of 15 million tons, is under way.

The workers at Antaibao labour tirelessly. Living quarters have already been erected. Roads to the production centre have been paved. The foundations for the oil depot, the coal-washing plant and the machine-repairing factory have been laid.

Lin Junyi, an engineer with the China Pingshuo Open-Cast Coal Mine Company, said, "We plan to open three open-cast coal mines in the Pinglu-Shuoxian area, with a total designed capacity of 45 million tons a year. The Antaibao No. 1 mine is one of the three. It is scheduled to be trenched and stripped in the first quarter of next year, and go into production in 1986. Not much time is left now. We're sparing no efforts to do all the preparation work well so that the mine can go into production on schedule."

Apart from these two big mining areas, work on a group of new mines, each with an annual production capacity of several million tons, is being accelerated in Datong, Qinchui and Hedong. As a result, 130 million to 150 million tons of Shanxi coal will be added annually in the next 17 years when the construction of these mines is completed.

Another important way to increase coal output is to technologically transform the existing mines, and reconstruct and expand old mines. Shanxi Province plans to

Development Plan for Shanxi Coal

unit: thousand tons

	1980 (actual output)	1983 (actual output)	1985 (planned output)	2000 (planned output)
total output	121,030	159,180	164,000	360,000- 400,000
state-owned mines	67,220	76,010	79,000	175,000- 195,000
locally run mines	23,840	31,520	35,000	80,000- 95,000
mines run by town- ships or collectives	29,970	51,610	50,000	105,000- 110,000

add on 180 million to 200 million tons of production capacity by re-vamping and expanding 63 large state-owned mines, 300 locally run medium ones and 2,890 small shafts operated by townships or collectives

"Thus, our target of an annual output of 360 million to 400 mil-

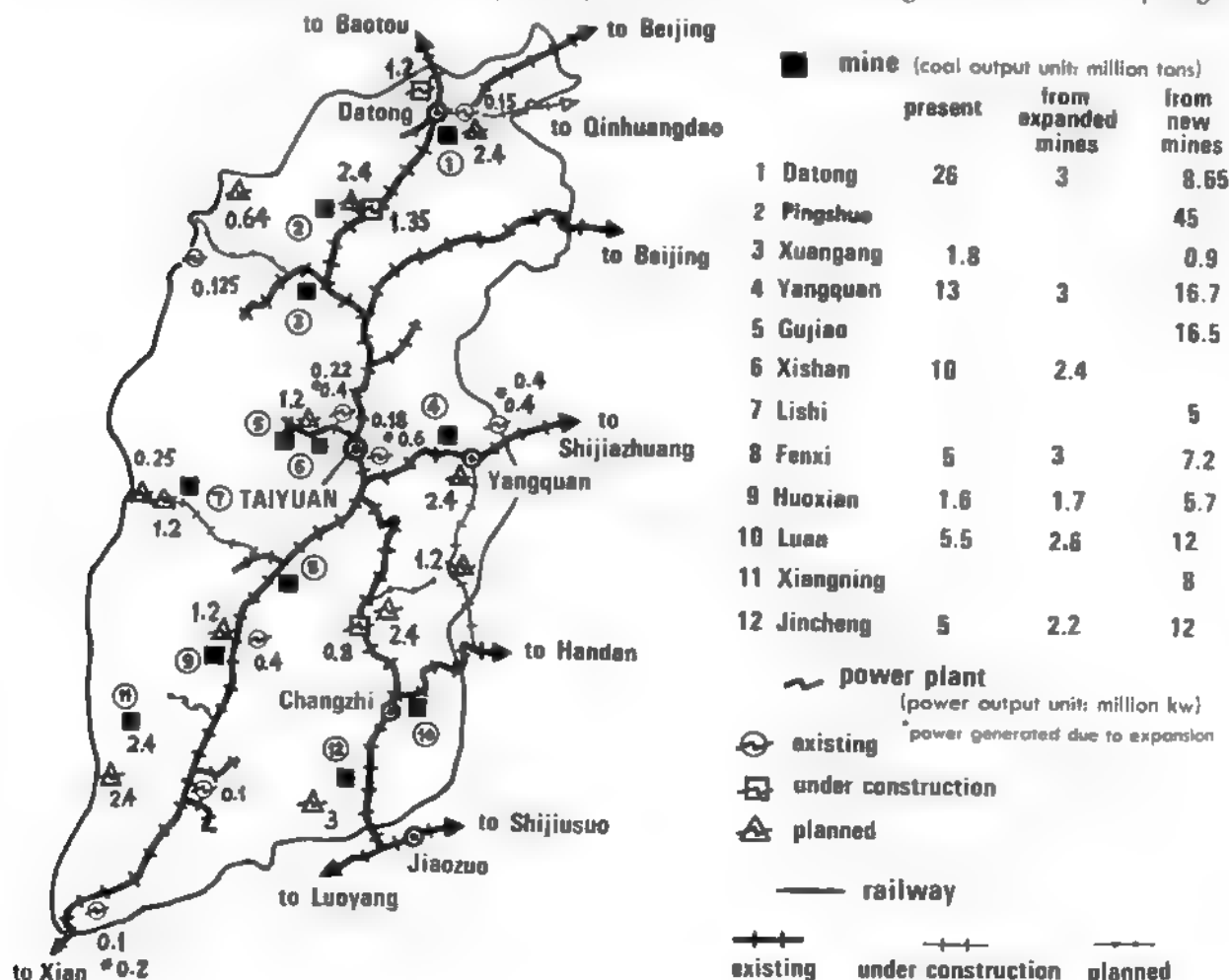
lion tons may be reached by the end of this century, even if some old mines stop production or lower their output as their resources dwindle," Governor Wang said.

Building Power Plants

New thermal power plants are an important part of the construc-

tion of Shanxi's energy base. The province's power output registered a 25 per cent increase from 12,000 million kwh in 1980 to 15,100 million kwh in 1983. The coming 17 years will be a period of big development for Shanxi's power industry. It is expected that by the end of this century, the province's power output will reach 85,000 million to 100,000 million kwh, about six times what it is today.

In the Datong No. 2 Power Plant, which is still under construction, a 200,000-kw generator went into operation last June. On July 21, Vice-Premiers Wan Li and Li Peng of the State Council attended the ceremony at which this generator began sending electricity to Beijing. Watching the meters, they could see the strong current go out through the 500,000-volt superhigh-



tension line to the Beijing-Tianjin-Tangshan power grid. Construction of this 286-kilometre power transmission line began in May 1982 and was completed this past April.

Another 200,000-kw generator is now being installed. It is expected to go into operation by the end of this year.

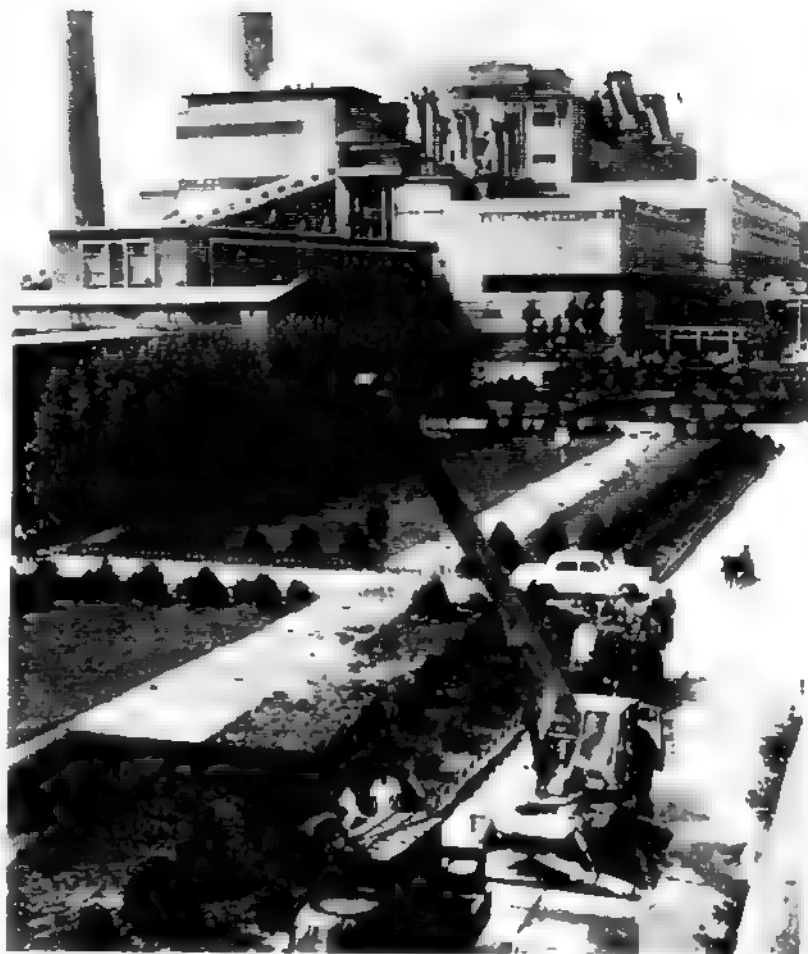
Plant leader Luo Yayun explained that the plant's designed generating capacity is 2.4 million kw. Its construction is divided into two phases. The project in the first phase includes installing six Chinese-made 200,000-kw generators. Two are already in place and the other four will be installed before 1988. The feasibility study of the second phase of construction has been finished and the actual work is scheduled to start during the Seventh Five-Year Plan (1986-90).

The 5.95-million-kw Shentou Power Plant, near the Pingshuo Coal Mine, is the biggest thermal power plant planned for Shanxi. Three power stations are included in the construction plan. The first one has a designed capacity of 1.35 million kw, 550,000 kw of which are already being generated. The remaining 800,000 kw will be dispatched between 1985 and 1987.

The second station has a designed capacity of 2.20 million kw. Preparations are already under way. Ground breaking will take place during the Seventh Five-Year Plan.

The 2.4-million-kw third power station is scheduled to start in the 1990s.

The newly built or rebuilt plants in Shanxi include the Zhangze Power Plant, with a generating capacity of 800,000 kw, in the southeastern part of the province; the 180,000-kw Taiyuan No. 1 Power Plant, to be expanded to 780,000 kw; the 220,000-kw Taiyuan No. 2 Power Plant, to be expanded to a capacity of 620,000



The Shentou Power Plant — the biggest thermal power plant in Shanxi.

Development Plan for Shanxi's Power

unit: million kwh

1980 (actual output)	1985 (actual output)	1985 (planned output)	2000 (planned output)
12,020	15,100	17,000	85,000-100,000

kw; the Niangziguan Power Plant in the eastern part of the province, to double its present generating capacity of 400,000 kw.

A dozen or more plants will also be built along the Huanghe (Yellow) River or near other coal mines, with a total generating capacity of 10 million kw.

When all these power plants are completed, the province will be generating 85,000 million-100,000 million kwh, as against

12,000 million kwh in 1980. By that time, Shanxi's power will be sent to the industrial areas along the coast and the strain in shipping out Shanxi's coal will be lessened.

Transportation First

The strain on transportation is one of the major factors hindering the economic development of Shanxi Province. Li Shengquan, deputy head of Pinglu County, said that the county could mine 2.5

million tons of coal a year. But because of the transportation shortage, the province only allows them to produce 1.5 million tons. Even so, they have half a million tons of coal piling up. Some small mines have had to stop production. In Shanyin County and Datong city mountains of coal stand beside the mine shafts and storage centres. Some is washed away by rain and some spontaneously catches fire.

"There are many reasons for this," Wu Hezhong, head of the transportation department under the provincial economic commission, said. "But the main reason is that the development of transportation cannot meet the needs created by the growth of the national economy. The annual average growth of the provincial economy in the last five years was 9.8 per cent, while that of the transportation was only 4.3 per cent."

"This is only temporary," he continued. "The state and the province have given priority to resolving the strain on transportation."

The plan to electrify the Datong Marshalling Station is nearly completed. Chief engineer Wang of

the Datong Sub-Railway Bureau said. "The electrification of the Datong-Beijing Railway will be completed by the end of this year. This will add another 20 million tons of cargo shipping capacity."

Other railway lines which are undergoing technological transformation include:

— Double tracking and electrification of part of the Datong-Puzhou Railway, which runs north-south through the province. After completion in 1985, the project will add another 12 million tons of shipping capacity.

— Double tracking and electrification of part of the Changzhi-Jiaozuo Railway in the southeastern part of the province will also be completed in 1985. It will raise the railway line's capacity by 15 million tons.

— The completion of the double tracking and electrification of the Taiyuan-Shijiazhuang line in 1982 boosted the line's shipping capacity from 21 million to 46 million tons. Technological transformation was started this year on the section from Yangquan to Shijiazhuang. Now the first stage of the project has been completed. This pushes the section's annual shipping capacity to 60 million tons. The second

stage of the transformation is now under way.

Apart from transforming the existing railway lines, Shanxi is building several trunk lines and branches. Among them, the longest is the electrified Datong-Qinhuangdao Railway. This 630-kilometre line will be China's first heavy-duty special coal line. The first stage of the project is expected to be completed in 1988. This will enable Shanxi to ship out 60 million tons of coal a year. When the second stage of the project is completed, the line's shipping capacity will reach 100 million tons a year.

In the wake of these projects, the freight volume of Shanxi's railways will reach 270 million tons by 1990, as compared with 137 million tons in 1983. By the end of this century the figure will be 400 million tons. It is estimated that beginning in 1988, the strain on coal transportation in Shanxi will gradually be lessened. There will be no problem even if 300 million tons of coal are to be shipped out by the end of the century.

Construction of Shanxi's highways is also being accelerated, with a view to boosting the development of rural coal pits and to alleviating the pressure on the railways. Deputy Governor Yan Wuhong said, "Within the coming one or two years, four of the highway passes at the provincial border will be widened and 10 high-quality roads will be built. This will raise the highway shipping capacity from 9.09 million tons last year to more than 20 million tons. The province plans to build special roads for shipping coal and 15,000 kilometres of roads in the mountainous areas. It will also raise the standard of the existing highways. Thus, the freight capacity of the province's highways will be raised to around 300 million tons from 70 million tons in 1980. □

Electrification of the Datong-Beijing Railway is under way.



Labour Relations Smooth in Special Zone

by ZHANG ZEYU
Our Correspondent

WITH the birth of socialist public ownership after liberation, the labour-capital relations that resulted in capitalist exploitation of workers were eliminated in China.

However, in the past few years since China implemented its policy of opening to the outside world and inviting foreign investors and businessmen to run factories in special economic zones, the employer-employee relationship has returned to China. But no longer is the employee at the mercy of the capitalist — a new type of labour-capital relations has emerged.

The Shenzhen Special Economic Zone now has 96 enterprises owned and run by foreigners and 202 joint ventures, which altogether employ some 10,000 workers. Yet these enterprises, despite their capitalist nature, have never experienced strikes, slowdowns or destruction of machinery by the workers, the kinds of problems common in capitalist countries. The reason, says Zou Erkang, secretary-general of the special zone, is that the enterprises are handling their employer-employee relations well.

Still, a basic contradiction exists between labour and capital: what benefits one doesn't necessarily benefit the other. How can this contradiction be solved? Thus far, two factors — governmental decrees and mediation by trade unions — have been the prime forces in mitigating disputes between the workers and the capitalists.

Mitigating Disputes

In enterprises owned exclusively by foreign or Hongkong invest-

ors and in joint ventures, the hired workers generally fear being exploited and are afraid of job insecurity. Should managers of foreign-owned enterprises use capitalist management methods and indiscriminately discharge workers, the contradiction between labour and capital, unless promptly solved, would blunt the initiative of foreign firms to set up factories and dampen the enthusiasm of the workers.

The trade union of the Shenzhen Bamboo Garden Hotel has been successful in solving the above problem. The hotel is jointly run by the Shenzhen Catering Service Company and the Hongkong Mui-lai Group. It has 169 rooms and 217 employees, including seven managers from Hongkong. From

the time when the hotel started business in 1981 to September 1984 more than 350,000 guests had been received. The hotel income had amounted to 16.73 million yuan, and profits had totalled 3.70 million yuan. The hotel was chosen as a provincial advanced unit in 1983.

The hotel's trade union was formed seven months after the hotel opened. Since its founding, the trade union has done painstaking ideological work to alleviate the workers' fears. The president of the trade union pointed out that joint ventures bring benefits to the state and higher wages to the workers, despite exploitation that does exist. In regard to the question of job security, workers can be fired at will in Hongkong.

The Bamboo Garden Hotel in Shenzhen.



but those employed by the joint ventures are protected by the special zone's labour law. Therefore, the workers are masters under the protection of the state law. When the workers know how well they are protected by the law, they dispel their misgivings and work with great enthusiasm to improve service.

The trade union supports the right of the Hongkong co-owners to manage rigorously, but the union makes sure that workers are not discharged unfairly when some trifling problems arise. The union demands an investigation of the problem and encourages the managers to give the workers a chance to correct the mistake if one has been made. The trade union helps the foreign owners comprehend the laws and policies instituted by the state and the special zone so they understand that in socialist China, workers are the masters and are entitled to equal treatment. Workers may be criticized or educated when they commit errors, but in the special zone the managers cannot fire them at will as they can in Hongkong. For instance, a recent dispute arose when an attendant invited her relatives to dine

in the restaurant of the hotel. One of the Hongkong managers thought the attendant did not pay and wanted to fire her. An investigation by the trade union proved that she had paid 60 yuan for the meal. After learning the truth, the manager asked the woman to forgive him. He said he admired the trade union's responsible defence of the attendant.

After working with the union for a couple of years, the Hongkong managers have come to appreciate the trade union's support and assistance in running the hotel. One Hongkong manager said, "I've learnt a lot of policies in the Bamboo Garden Hotel and ways to do ideological work. I've come to realize the importance of harmonious relations between higher and lower levels. To integrate Hongkong management with Chinese ideological work is the secret of success in the joint ventures."

Protecting Workers' Health

It is permissible and reasonable to urge workers to work extra shifts when production tasks are heavy. But trade unions must step in to stop unlimited overtime work that can harm the workers' health.

The Kader Toy Factory, run independently in Shenzhen's Shekou Industrial District by Hongkong Kader Enterprises Ltd., opened its plant in 1982 and afterwards became a paying concern. But while the business was going well, the workers, mostly young women, were compelled to work extra hours every day.

In a conversation with the factory managers on April 29, 1982, representatives of the Shekou Industrial District pointed out that the workers could work overtime not exceeding two hours during the busy season (May-October), but overtime plans must be approved by the Shekou Labour Service Co. However, the factory managers didn't abide by the ruling. They continued to force employees to work overtime up to five hours or even 10 hours a day and told the workers that they could have leave only if they presented medical certificates. The managers also prohibited workers from studying in the evening arguing that "workers are hired to work, not to study."

Angered by the actions, workers complained to the trade union and the Shekou Labour Service Co. in the hope that they could solve the problem. On June 3, 1983, the trade union and the Labour Service Co. jointly negotiated with the factory managers. While they met and talked about the two-hour overtime limit, no agreement was signed. On that evening, some 20 workers refused to work extra shifts. The next day the factory managers talked with the 20 workers and threatened to withhold their pay or fire them if they refused to confess their mistakes. The trade union and the Labour Service Co. decided the factory's actions resulted from disregard of Chinese labour law.

Article 43 of China's Constitution stipulates: "Working people in the People's Republic of China have the right to rest." Article 48

The Bamboo Garden Hotel's leaders and workers representatives discuss management problems.





The Kader Toy Factory is run by a Hongkong business in Shekou.

states: "The state protects the rights and interests of women." Article 10 of the "Temporary Provisions of the Labouring Wages Management of Enterprise of Guangdong Special Economic Zone" points out: "Enterprises in the special zone institute a six-day working week at eight hours a day." Article 2 demands: "Enterprises and individuals in the special zone must abide by the law and decrees of the People's Republic of China and related provisions."

The trade union and the Labour Service Co. reported the problem to the management committee of the industrial district and the committee, together with the departments concerned, held negotiations with the factory operators, urging them to observe China's Constitution and decrees so as to protect the health of the young women workers. Finally, the factory, faced with the state law, agreed to limit overtime work to two hours per day.

Safeguarding Capitalists' Interests

While safeguarding the workers' legal rights, trade unions also support the legal interests of foreign-owned enterprises. Trade unions

in Shenzhen are constantly urging the workers to boost production.

The Xinnanxin Dyeing Factory is an exclusively owned enterprise with 400 employees. Because the factory is run by capitalist, some workers were at first unwilling to work with enthusiasm. Huang Yunfang, president of the factory's trade union, reminded the workers that they are still masters of the country and are protected by the state law and special zone policies. By setting up the factory, said Huang, the capitalists are helping China in its modernization programme despite their intention to make profits. Therefore, he said, taking good care of the factory means loving the country. The trade union president told the workers that improving the factory would safeguard the workers' long-term interests. Thereafter, the employees worked conscientiously to raise their efficiency and monthly profits have gone up from HK\$ 800,000 to \$1.2 million.

Hongkong managers gave credit to the trade union for its help, saying, "It gives us a hand."

At times the workers have even made irrational demands upon the factory managers. When that has happened, the trade union has sup-

ported the factory instead of the workers.

Xie Guanxiang, president of the trade union in the Shekou Industrial District, recalled this year's Spring Festival. The Sanyo Electric and Machinery Co. of Japan announced, in respecting the custom of the Chinese people, that it would grant a five-day holiday for the workers. But some workers, hoping to reunite with their families, argued that five days were too short and demanded more time off. After hearing the complaints, the trade union pointed out that the state holiday for Spring Festival is only three days and anything more than three days was a generous offering. The union said that the five-day holiday showed that Sanyo was concerned about the workers, and, therefore, the workers should observe the factory regulations. The workers were persuaded to return to work in time.

□



Theory Linked Closely With Practice

from "RENMIN RIBAO"
(People's Daily)

EVERY significant work is guided by theory, either correct theory or incorrect one. At the same time, every weighty job has its own characteristics and is subject to constant change. The exact same conditions do not exist in any two places in the world. That means we should come to know theory and practice, and link the two closely if we are to finish our tasks smoothly.

As we know, one of Mao Zedong's great contributions was his constant advocacy that theory must be combined with practice. Under the guidance of this brilliant thinking, the Chinese revolution has achieved many victories. Many setbacks our nation has suffered have proved that whenever we do not keep this idea in mind problems arise.

A good command of theory requires serious reading. Among all the classic works of Marxism, we should study the chief ones diligently. Now we must focus our attention on learning economic theories, and modern science and technologies. We must study the general laws that classical Marxists discovered and try to learn the Marxist view and methodology in analysing and solving problems, instead of limiting ourselves to a particular phraseology or any specific conclusions.

As everyone knows, Marx died 101 years ago, and all of his works were written more than a century ago. Great upheavals have taken place since then and some ideas arising at that time may not be very well-considered. Many things we are now experiencing were unheard of when Marx, Engels, and

even Lenin were alive. Therefore, while studying Marxist classics, we cannot look to the books of Marx or Lenin to solve all of our problems today.

Times are changing and society is advancing every day. New problems and issues crop up, challenging our work. We have no reason to regard Marxism as dogma. Contemporary life should never be restricted by some conclusions drawn from Marxist works. This would only hamper the advance of history. Being the followers of Marx, we are duty bound to enrich and

develop Marxism through our own practice.

The only way to understand reality is through practical experience. The most important experience nowadays in China is the four modernizations and quadrupling the annual gross industrial and agricultural output value by the year 2000. To study and solve economic problems, we must devote our efforts to economic work and to the present-day reforms. A few years of efforts are not enough to familiarize ourselves with the economic work. We can't expect to achieve anything without many years of painstaking devotion.

Starting New Lives in Shenzhen

from "YANGCHENG
WANBAO"
(Guangzhou Evening News)

SINCE China opened its doors to the world in 1980 and set up the special economic zones, Guangdong Province's border-city Shenzhen has grown rapidly. Peo-

ple now live in peace and happiness. Public order is good. No longer are the inhabitants eager to cross the border. Rather, more than 1,000 people have voluntarily moved to Shenzhen from Hongkong.

Before the economic zones were set up, workers in Shenzhen were

A new fishing village is separated from Hongkong by only a river.



paid about 50 yuan a month. Now their wages have risen to an average of 150 yuan. The average per-capita income of the peasants has soared to more than 840 yuan a year, from 133 yuan in the past.

About 20 per cent of rural families now earn 10,000 yuan a year. On the shores of Shenzhen is a fishing village, just 20 metres from the New Territories of Hongkong. About 20 people illegally crossed the water into Hongkong in the past. But since 1978, every family in the village has earned 10,000 yuan a year. With the money they built Western-style houses. Gone for ever are the days when their sons and daughters ran away. Many of those villagers who fled have returned to start their new lives.

Stock Issues Pose Questions

from "GONGREN RIBAO"
(Workers' Daily)

CAN stock be issued in a socialist society? Theoreticians recently debated the subject in Wuhan.

Most said that stock companies held a powerful lever in capitalist society to expedite the concentration of capital and promote capitalist production. Today, because the exploiting nature of stock companies, which dominated them in capitalist society, has been cast away, their intrinsic function can be useful in socialist construction. There are great possibilities to transform the scattered, fragmentary funds available as capital into abundant concentrated investment for production by issuing stocks.

Others at the debate argued that if stock is available the disadvantages will outweigh the advantages. One reason is that stock investments are not easily reversible.

The other reason is that stock values fluctuate. The price of stock hinges on the dividends and the interest rate, and so some capital is nibbled away if it remains in the stock market for a long time. In

order to maintain the price of their stock, some enterprises may employ all available means to hide any losses they may suffer. This will damage production in the long run.

Prosperous Man Sends Son to Army

from "RENMIN RIBAO"
(People's Daily)

A WEALTHY peasant's patriotism in sending his son to join the army won him a silk banner from an army unit in the Jinan military command recently.

Kong Qingyou is well-known in his Shandong county of Jiaxiang for having a fortune of 100,000 yuan. Since the Third Plenary Session of the Party's 11th Central Committee in 1978 he has run a family business repairing vehicles and providing transportation. With hard work he quickly earned his fortune.

In 1982, Kong sent his son to join the army. Some people told him, "Since ancient times only sons of the poor served in the army.

Sons of the rich always worked near home to keep an eye on the family property. Now you have so much money, how can you part with your son?" But in a few days his son, dressed in his brand-new military uniform, got on a train speeding towards the north.

His son is the only extra able-bodied hand in Kong's home. Before he joined the army he kept the repair shop in order whenever his father went away on business. This year Kong will earn at least 3,000 yuan less than he did when his son was at home. But he said he never regrets his decision. "Thanks to the Party's policy and socialism, I've this family fortune of mine. I sent my son away for the cause of protecting the state. I don't think it is very serious for me to earn a bit less," he said.

Illiterate Girl 'Writes' Unique Epic

from "GUANGMING RIBAO"
(Guangming Daily)

IT is almost unbelievable that the *Great Deeds of King Gesar*, the longest epic so far discovered in the world, can be recited by a girl who doesn't know how to read and write. But it is true.

One day four years ago Yumei, a Tibetan girl, turned up in the editorial office of the People's Publishing House of the Tibet Autonomous Region. To everyone's amusement, she sincerely declared that she was able to recite and sing 76 volumes of the *Great Deeds of King Gesar* and wanted

to publish the book! She was employed, and in two months a 210,000-character episode of the epic based on her singing and recitation was put together.

Yumei, a smart girl, had memorized it from her father, a celebrated ballad singer from the Tibetan grasslands. From her early childhood she had begun committing to memory many of the epic's episodes her father sang.

Now, Yumei has become a professional staff member of the office in charge of rescuing the *Great Deeds of King Gesar*. By last August the office had set down more than 700,000 characters of the great work, according to her recollections.

Film Provides Thought-Provoking Conflicts

In Shaanxi Province lies a small mountain village which, like other villages on the loess plateau, has poor land. The surrounding mountain slopes give no crops and the people live in cave dwellings. In this village lives a primary school teacher named Gao Jialin, the main character in the film *Life*.

Gao is the only son of a poor family. He is replaced by a brigade leader's son, and becomes very depressed about losing his job. Before long Gao accepts the love of Qiaozhen, an innocent, beautiful country woman. She lifts him from his depression.

Later, Gao's uncle becomes director of the labour personnel bureau in the nearby town. Those who have removed Gao from his former post hope to win the uncle's favour, so they give Gao a job as a journalist for the town Party committee. With his great energy, exceptional ability and good manners, Gao is readily accepted in the town. One of his former classmates, a beautiful and capable city woman, falls in love with him immediately. Finally Gao forsakes Qiaozhen in favour of Huang Yaping, who can also help him.

But soon the fact that he got his job through his uncle's influence is exposed, and Gao is asked to go back to the village. In the end, he loses his ideals and his love. Back in the village he finds Qiaozhen has married. Gao's personal struggle has come to nothing.

The film *Life* was produced by the Xian Film Studio. Using the

life in the village and in the county seat in the early 1980s, the film exposes the antagonism between old and new ideas, education and ignorance, modern ideology and traditional moral concepts and different lifestyles. It shows the heavy burdens of feudalism, ignorance, backward ideas and incorrect thinking which still hold China back. All these stem from the gap between the city and countryside, between mental and manual labour.

Gao is a complicated, yet confident and sensible man. He, like all young people of the present generation, is full of ideals and is not afraid to struggle for what he wants. But his vanity and his blind fight for advancement by any means costs him his love.

Qiaozhen is an honest, wise rural woman. She loves Gao sincerely. She dares to break feudal ethics in loving an educated man, but in the end is bound by traditional concepts. She is illiterate and understands love in a simple, narrow way. She cannot cross these barriers, and finally ends up marrying another man whom she does not love.

The screenplay by Lu Yao is extremely thought-provoking. It combines Chinese traditions of storytelling with modern methods of psychological analysis. Sometimes the passage of time is slowed in order to concentrate on the psychological changes of each character and their innermost feelings.

The photography uses scenes

like paintings to express the characters' spirit in a realistic way.

Screened in Beijing recently, the film stirred both controversy and praise.

Arthritis Relieved By Herb Cures

Tong Sanyuan, a doctor at the Wuhan Ferry Company's clinic, has achieved remarkable success in treating various joint diseases with a herbal medicine club.

According to statistics, Tong's clinic treated 1,443 patients suffering from joint diseases from November 1981 to November 1982. These patients suffered from rheumatoid arthritis, cervical vertebra problems and other lower back and leg diseases which were difficult to diagnose. Tong's cure rate reached 90 per cent.

Tong's herbal medicine club therapy consists of two parts: the herbal medicine club and liquid medicine.

The herbal medicine club is a wooden stick which has been steeped in a liquid medicine made from Chinese herbs. The sticks have different shapes, depending on how they are used. The liquid medicine is also applied directly to the affected part and to other relevant acupuncture points and then the herbal medicine club is used to tap the affected part and the acupuncture points.

Tong, 37, inherited the secret prescription from his father. He has also thoroughly studied traditional Chinese medicine books. He adjusted the secret family prescription to create a new method to relieve joint diseases.

Tong explained the principle of the herbal medicine club in a recent newspaper article. He said that when the club taps the points, red, brown and purple lumps appear on the affected part. The number of the lumps show the patient's condition.

The tap of the herbal medicine club stimulates the skin and thus speeds up blood circulation, increases inner heat and effectively absorbs the medicine. This enables the body to successfully replace the old with the new, and the disease is thus cured.

Since the herbal medicine club treatment was applied for outpatients at the end of 1981, Tong's clinic has always been as crowded as a marketplace. Patients come from all over the country. For the convenience of the patients, the clinic sends out a mobile medical team. Wherever it goes, people regard Tong as the welcome healer for patients who suffer from arthritis.

The medical team is now opening a clinic in Beijing. Many patients have already come for treatment. Not long ago Xiao Jiang, a young worker of the Beijing No. 4 Garment Factory whose rheumatoid arthritis was so bad she had to stay in bed all day, was treated by Tong for a week. She recovered so quickly that she can now walk. Most of the patients who had been treated have improved to varying degrees.

The herbal medicine club therapy was recorded in ancient Chinese medical books, but was almost lost for various reasons. Tong's herbal medicine club treatment has revived and improved

this traditional Chinese medicine. Now Chinese medical researchers must search for a way to explain the mechanisms of herbal medicine club therapy with modern medical theory.

Chinese Woman Wins Judo Medal

A 20-year-old, Gao Fenglian from Inner Mongolia, captured a silver medal in the over 72-kilogramme class at the Third World Women's Judo Championships in Vienna last month.

China is the home of *wushu* (martial arts), and many of its women are experts. But judo is imported from Japan, and Chinese women have only been practising it for about four years. Gao is the first Chinese to win a silver medal at the world judo championships.

Gao began her judo training only two years ago, but she exercised very hard and quickly mastered the art. In April 1983 she entered the Fukuoka International Judo Invitational Tournament in Japan and came in third in the over 72-kilogramme class. At the Vienna championships she qualified for the finals after defeating better-known athletes from Czechoslovakia, Holland and West Germany. In the finals her strength and skill gave her the upper hand, but her hesitation in the main attack caused her to come in second.

At the Third World Women's Judo Championships, 170 athletes from 31 countries and regions participated in four weight classes. The eight-member Chinese team was entered for the first time.

Women's judo first emerged in Japan in 1890. Later judo was exported to other countries, but no women's competitions were held



Gao Fenglian.

before the International Judo Federation decided to sponsor one in New York in 1980. The world women's judo championships have been held every other year since.

Women's judo has been practised for about 20 years in Europe and about seven or eight years in Asia. China first included it in its national games this year.

At the first Chinese women's judo championships this past April, 140 athletes at an average age of 17 competed. At present women's judo in China lags far behind the best countries, and is still hindered by old ideas that women should not be strong and aggressive. Some male coaches are reluctant to train female athletes. The skill of Chinese coaches and referees also needs to be improved.



Volume Sizes Up Technology Revolution

Today the technology revolution is spreading much faster than most people expected. Countries all over the world are confronted with a challenge to utilize the changing technology in the next century. For China, it is both an opportunity and a challenge.

Greet the New Technological Revolution (Vol. I, in Chinese) is a new collection of lectures made by noted Chinese specialists and scholars about the revolution in science and technology. The book informs domestic readers about modernization and, at the same time, provides readers abroad with a view of China's attitudes towards the technological revolution.

In early 1983 the Party Central Committee called for all Party members and cadres, especially those at high and middle levels, to learn more about the development of new technologies. Before the Third Plenary Session of the 12th Party Central Committee last October, Party General Secretary Hu Yaobang and Premier Zhao Ziyang asked the cadres to study the world's new technological revolution and how to cope with this situation. The organization department of the Party Central Committee sponsored lectures "on the new technological revolution," which were greatly welcomed by cadres throughout the country.

The lecturers were scientists, scholars and specialists in science and technology, economics and management research. The speakers talked about the technological revolution and its many different aspects. They discussed the response to the new technology in other nations and speculated about China's possible courses of action.

The lectures were later edited by the Hunan Science and Technology Publishing House into this volume.

The book is divided into three parts. The first part deals with the background, characteristics, influence and trend of the new technological revolution. The second part provides an introduction to new branches of learning, new industries and new technologies. The third discusses laws governing the technological revolution and possible actions China will take to cope with the changes.

The theme of the book, however, focuses on leadership and management. In fact, the technological revolution is a challenge to the existing management system, the traditional management ideas and the low labour productivity in China. There are bound to be many difficulties in striving to win in the technological revolution. The key lies in shifting the old concept of leadership to what Deng Xiaoping had said about always "bearing modernization, the world and future in mind" and "respecting knowledge and talents."

Many cadres are now eager to learn about modern technologies and management. *Greet the New Technological Revolution* is the very book to satisfy them.

— Yang Peiting

Book Focuses on Supply Marketing

Supply Marketing is the first book published in China which focuses on management of the means of production. Written by

Chen Hegao and Tan Guangkui, it was recently released by the China Finance and Economy Publishing House.

In the past, in the economic realm the means of production was not looked upon as a commodity, and the existence of a market of supplies was ignored. An undue emphasis was put on distribution and allocation of materials under a unified plan. Market management was neglected. As a result, supply circulation was sluggish and modernization was hampered.

This book proceeds from the fact that in socialist countries commodity production and commodity exchanges still have to be developed with great effort and the means of production is a commodity. It points out that the means of production — be it under a mandatory plan, a guidance plan or under an open market — involves the problem of market management.

This book is a practical volume, since it does not stay in the realm of abstract definition, but illustrates concepts with microcosmic market management studies. Being aware that China must adhere to a planned economy, the book discusses how to give full play to the role of market regulation and how to activate material market management. It describes how managers should have the idea of "customers first" while sticking to socialist management principles. And it illustrates how to pick products, fix prices, sell and organize in market management and how to smoothly fulfil material circulation so as to achieve the best economic results.

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